

## COUNCIL MEETING

JUNE 15, 2016

The Council Meeting of the Council of the County of Kaua'i was called to order by Council Chair Mel Rapozo at the Council Chambers, 4396 Rice Street, Suite 201, Līhu'e, Kaua'i, on Wednesday, June 15, 2016 at 8:51 a.m., after which the following Members answered the call of the roll:

Honorable Ross Kagawa  
Honorable Arryl Kaneshiro  
Honorable KipuKai Kuali'i  
Honorable Mel Rapozo

Excused: Honorable Mason K. Chock  
Honorable Gary L. Hooser  
Honorable JoAnn A. Yukimura

### APPROVAL OF AGENDA.

Councilmember Kaneshiro moved for approval of the agenda as circulated, seconded by Councilmember Kuali'i, and carried by a vote of 4:0:3 (*Councilmembers Chock, Hooser, and Yukimura were excused*).

### MINUTES of the following meetings of the Council:

April 20, 2016 Council Meeting  
May 4, 2016 Council Meeting  
May 4, 2016 Public Hearing re: Resolution No. 2016-39 and Bill No. 2627  
May 11, 2016 Public Hearing re: Resolution No. 2016-35, Bill No. 2625, and Bill No. 2626  
May 24, 2016 Special Council Meeting  
May 24, 2016 Public Hearing re: C 2016-126 (Mayor's Supplemental Budget Communication for FY 2016-2017)

Councilmember Kaneshiro moved to approve the Minutes as circulated, seconded by Councilmember Kuali'i, and carried by a vote of 4:0:3 (*Councilmembers Chock, Hooser, and Yukimura were excused*).

### CONSENT CALENDAR:

C 2016-138 Communication (05/16/2016) from the Director of Finance, transmitting for Council information, the following reports:

1. County of Kaua'i Bond Summary of General Long-Term Debt Amount Outstanding as of July 1, 2015;
2. County of Kaua'i Bond Supplemental Summary of General Long-Term Debt Amount Outstanding as of June 30, 2016; and Excluded County of Kaua'i Bond Supplemental Summary of Long-Term Debt Amount Outstanding as of June 30, 2016: CFD No. 2008-1 (Kukui'ula Development Project) Special Tax Bonds, Series 2012, sold April 25, 2012.

Councilmember Kualii moved to receive C 2016-138 for the record, seconded by Councilmember Kaneshiro, and carried by a vote of 4:0:3 (*Councilmembers Chock, Hooser, and Yukimura were excused*).

C 2016-139 Communication (06/03/2016) from Councilmember Kualii, transmitting for Council consideration, a proposed Charter Amendment Resolution establishing a County Roads Resurfacing / Reconstruction Backlog Fund which would be funded with One Million Dollars (\$1,000,000) of real property tax revenues and One Million Dollars (\$1,000,000) of transient accommodations tax revenues each year: Councilmember Kualii moved to receive C 2016-139 for the record, seconded by Councilmember Kaneshiro, and carried by a vote of 4:0:3 (*Councilmembers Chock, Hooser, and Yukimura were excused*).

JADE K. FOUNTAIN-TANIGAWA, County Clerk: Chair, this brings us to Communications.

#### COMMUNICATIONS:

C 2016-140 Communication (05/18/2016) from the Director of Human Resources, requesting Council approval to dispose of the following government records, pursuant to Hawai'i Revised Statutes (HRS) Section 46-43 and Resolution No. 2008-39 (2008) as amended, which have been kept for over seven (7) years and are no longer of use or value:

- General Correspondence (Prior to 2008)
- Payroll Records (Prior to 2008)
- Recruitment and Exams (Prior to 2008)
- OSHA Forms (Prior to 2008)
- Workers' Compensation (WC) Records (Prior to 2007 (last payment longer than 8 years))
- Official Personnel Folders (Prior to 1985 (30-year retention))

Councilmember Kaneshiro moved to approve C 2016-140, seconded by Councilmember Kualii.

Council Chair Rapozo: Any discussion or public testimony? The rules are suspended.

There being no objections, the rules were suspended to take public testimony.

MATTHEW BERNABE: Matthew Bernabe, for the record. I do not have any reservations about looking for funds for the roads. What I would like to say is let us use this opportunity to insert guarantees that they prioritize correctly, run efficiently, and whatever else they have been in the last...since I have been attending...shown to not be running well. This is the kind of moments that if we are going to go and put money in and allocate funds to some project...

Council Chair Rapozo: Matt, hold on. We are on C 2016-140.

Mr. Bernabe: Yes. This is to create a fund for the roads, right?

Council Chair Rapozo: No.

Mr. Bernabe: Which one are we on?

Council Chair Rapozo: C 2016-140.

Mr. Bernabe: Did we skip that one?

Council Chair Rapozo: It will come up as a resolution later on in the agenda.

Mr. Bernabe: I am sorry. It is early in the morning and I had a cup of coffee. My bad, I apologize.

Council Chair Rapozo: No problem. The meeting is called back to order. Any further discussion?

There being no further testimony, the meeting was called back to order, and proceeded as follows:

The motion to approve C 2016-140 was then put, and carried by a vote of 4:0:3 (*Councilmembers Chock, Hooser, and Yukimura were excused*).

Council Chair Rapozo: Motion carried. Next item.

C 2016-141 Communication (05/24/2016) from the Acting County Engineer, requesting Council approval to apply for remaining available Federal grant funds, in the amount of \$714,007.00, on a 45% local match basis to be earmarked for the design and construction of the Waimea Wastewater Treatment Plant (WWTP) R-1 Reclaimed Water Distribution System improvements: Councilmember Kuali'i moved to approve C 2016-141, seconded by Councilmember Kaneshiro.

Council Chair Rapozo: Any discussion? Go ahead, Councilmember Kagawa.

Councilmember Kagawa: I have a question for the Wastewater Division.

Council Chair Rapozo: Okay. I will suspend the rules.

Councilmember Kagawa: It is very ironic that we have a request on the west side to upgrade the Waimea Wastewater Treatment Plant when we just had some bad news last week about some leakage into Port Allen. So are these seven hundred fourteen thousand dollars (\$714,000) going to provide some stability that we do not have that kind of mishap in Waimea as well? It is related?

There being no objections, the rules were suspended.

EDWARD TSCHUPP, Chief of Wastewater Management Division: For the record, Edward Tschupp, Chief of the Wastewater Management Division. Those are unrelated systems. The Port Allen is a separate standalone pump station right next to the harbor facility. We lost electrical power to that facility, unfortunately, resulting in a small spill, but it is a small spill that hit the ocean. Waimea is a completely separate system, so any improvements that we make in Waimea are really not going to translate to improvements into any of the other wastewater systems.

Councilmember Kagawa: Chair, I want to stay off of this subject, but since Mr. Tschupp mentioned “small spill”—the news made it seem like it was a “big spill.” How many gallons spilled?

Mr. Tschupp: One hundred (100) gallons.

Councilmember Kagawa: One hundred (100) gallons of raw sewage?

Mr. Tschupp: Yes.

Councilmember Kagawa: Okay. Waimea is located away from the ocean, so if we had a spill, it would spill into the land there, right? I still think that is bad.

Mr. Tschupp: Yes. Waimea is an interesting situation because of the ditch systems. The plant right now feeds the irrigation, Kīkīaola lands irrigation system, and whenever it rains hard enough that they have to open up the ditch there by the small boat harbor, it technically becomes a sewage spill because the effluent, which is completely treated, is pumped up to the reservoir, and then distributed across the valley so that whenever they have to open up the ditch because of flooding conditions that technically is a “sewage spill,” even though it is completely treated wastewater and it is dwarfed in volume by the rainfall. It is an

odd situation and we have to put up signs saying "Sewage Spill." I have seen test results of bacteriological contaminants, effluent from the plant being really low. What is going into the ocean is off the charts, which is soil and just everything from the environment that is in the valley. As soon as they open up the ditch, all of that floodwater, which is way dirtier than effluent, goes out to the ocean. Actually, this project will eliminate that.

Councilmember Kagawa: So do we have the fifty-five percent (55%) in the County budget?

Mr. Tschupp: Not presently.

Councilmember Kagawa: Okay, so we are just applying and if we get it you will be coming back?

Mr. Tschupp: That is correct.

Councilmember Kagawa: Do you anticipate having sufficient funds from revenues?

Mr. Tschupp: The plan is that we will be...what we have to tell the Environmental Protection Agency (EPA) at this point is that we do have sources of funds for the local match. What we have talked with the Department of Finance about is allocating some of the pending...the next bond float funds to this project. Additionally, with our primary source of funding for wastewater programs, being what is known as the State Revolving Fund (SRF) loans, which is a program administered by the Department of Health. Use of SRF loans may be sufficient, depending upon what pot of money they come out of to be part of the local match. That is a loan, so we would be repaying that, but it would qualify as a local match, just as if it was a bond float.

Councilmember Kagawa: So you have two (2) possible scenarios you are looking at that could cover it.

Mr. Tschupp: Correct. At present, we do not have an appropriation for the local match, but we do not need to have the appropriation to file the applications.

Councilmember Kagawa: Yes, I understand that. Are you confident that these two (2) different scenarios will cover the match? I do not want to have a surprise that, "Well, both of those scenarios did not work out, so now we have to take from our Fund Balance to cover this."

Mr. Tschupp: Correct. If I may, I can give you a little bit more background?

Councilmember Kagawa: Yes.

Mr. Tschupp: This is a follow-up application on a grant that we have already been working on. The original grant was just shy of one million dollars (\$1,000,000) and it was probably one of the very last federal earmarks orchestrated by our legislative representative, Senator Inouye. So that was appropriated in...I think the bill was signed in October of 2009, and then it crept its way through EPA and we got notified in 2011, that yes, in fact, we have a grant and to come apply for it, or we have got an appropriation and to come apply for the grant. We did that and we were able to utilize roughly two hundred fifty thousand dollars (\$250,000) of the original appropriation for engineering studies, which are now complete. Included in the preliminary engineering studies was the Environmental Assessment (EA). Really, the EPA cannot grant funds until there are environmental documents completed. So we are now at that stage where our EA has been published, our draft EA has been publicized. It is currently in the public comment period and that then frees us up to come in for the balance of funds. The consultant has done a management plan, a preliminary engineering report, as well as the EA, and we have looked at several alternatives, but we have an estimate of roughly four million five hundred thousand dollars (\$4,500,000) worth of costs for buildout of this distribution system for the reclaimed water. The immediate beneficiaries of that will be the park and the school, and we probably could purvey more water than we have access to. Over time, our ability to add customers for reuse water will only grow.

Councilmember Kagawa: Who is responsible for applying for these grants or following up on old grants and making sure that we get the second-half and just keeping their eyes open with the federal and state governments to maximize matching for projects that need to be done for upgrades? Is it coming from your office or are you getting assistance from other areas in the Department of Public Works?

Mr. Tschupp: This is coming through our office because we have been managing this particular program; it is our program and we hired the consultant. The EPA has been very good to work with and their Project Manager for the current project has been on the phone with me, saying, "Okay, it is time to come in for the rest." So we have gotten help from the EPA.

Councilmember Kagawa: In your estimation, are we maximizing these outside loans with the current staff that we have or are there opportunities out there that if you had more resources that there is more availability? Are we efficient in applying for these federal and state funds?

Mr. Tschupp: I think in this particular case, because this was earmarked kind of directly to us, it is very efficient because it has been very easy to track and this is not, by any means, one of those kinds of projects where you put in an application and you may or may not get anything. This was directed to us. There are sources of funding that have various restrictions through various federal agencies and we do not really go after a lot of those because we look at the

income requirements and so on, and it is a low probability that we would get that grant. This one is a “come in and apply.” There is no competition on this grant.

Councilmember Kagawa: My final question is can we have a follow-up of what happened at ‘Ele‘ele, as far as what happened, why it happened, and what corrective action may be necessary to prevent this from happening again?

Mr. Tschupp: You are talking about last week’s one hundred (100) gallon sewage spill?

Councilmember Kagawa: Yes, what we were talking about earlier.

Council Chair Rapozo: We are not going to have that today.

Councilmember Kagawa: Yes, I would like a written follow-up.

Mr. Tschupp: Yes, sure.

Councilmember Kagawa: Okay. Thank you.

Council Chair Rapozo: Any other questions? The only question as far as the County’s match is on the application, you do not have to specify the actual source, just that it is county?

Mr. Tschupp: That is correct. I am going to put in the application that in discussion with our finance people, the County is planning on doing a bond float and that we have...

Council Chair Rapozo: I guess the Department of Finance does not...I mean the Council will ultimately have to make that determination.

Mr. Tschupp: Absolutely.

Council Chair Rapozo: I get concerned when you said, “Finance said we are going to put it in the next bond float,” because it is not their call, number one. The other issue is that I do not believe this binds the Council to the matching funds.

Mr. Tschupp: I do not think so.

Council Chair Rapozo: The bottom line is if at that time...I guess the question is I am not sure when you became aware of this grant. When did you become aware that we needed to apply for this grant?

Mr. Tschupp: Well, the legislation was passed in 2009...

Council Chair Rapozo: Right. I guess my question is why was this not anticipated in the budget, our county match? Why was this not in the budget one (1) or two (2) months ago?

Mr. Tschupp: That is a very good question.

Council Chair Rapozo: Yes, I know.

Mr. Tschupp: That was purposeful, because one of the things that we have to do as part of the grant application is to define the projects that we are actually looking at doing with these funds and we were not there yet because our preliminary engineering work, the draft EA, et cetera, were not to the point where they are now. We were not anticipating funding it in this next fiscal year either. We need to get the grant before we actually have to worry about our appropriations.

Council Chair Rapozo: Okay. Any other questions? If not, thank you. Any public testimony? Seeing none, I will call the meeting back to order. Further discussion?

There being no objections, the meeting was called back to order, and proceeded as follows:

The motion to approve C 2016-141 was then put, and carried by a vote of 4:0:3 (*Councilmembers Chock, Hooser, and Yukimura were excused*).

C 2016-142 Communication (05/20/2016) from the Director of Economic Development, requesting Council approval to receive unspent grant funds from Garden Island Resource Conservation and Development Inc. (GIRC&D) in the amount of \$40,183.00 due to the resignation of the Sunshine Market monitor in July 2015; the funds will be returned to the County's General Fund: Councilmember Kagawa moved to approve C 2016-142, seconded by Councilmember Kaneshiro.

Council Chair Rapozo: Any discussion? Public testimony?

The motion to approve C 2016-142 was then put, and carried by a vote of 4:0:3 (*Councilmembers Chock, Hooser, and Yukimura were excused*).

C 2016-143 Communication (05/25/2016) from the Director of Economic Development, requesting Council approval to apply for, receive, and expend funds from the Global Philanthropy Partnership, in the amount of \$5,000.00, for a peer exchange to take place during September 2016 allowing city staff from other municipalities in the United States to travel to Kaua'i and assist in preparing a scope of work for a future Climate Action Plan.



Council Chair Rapozo: I have been informed by Mr. Costa that this is no longer being requested, so he is withdrawing this request. May I get a motion to receive this item?

Councilmember Kualii moved to receive C 2016-143 for the record, seconded by Councilmember Kagawa, and carried by a vote of 4:0:3 (*Councilmembers Chock, Hooser, and Yukimura were excused*).

C 2016-144 Communication (06/01/2016) from the Director of Economic Development, requesting Council approval to apply for, receive, and expend funds, in a total amount of \$300,000.00, from the Hawai'i Tourism Authority (HTA) for the following:

1. Cultural support for the work of the Maka'āinana o Makana in Hā'ena (\$140,000); and
2. To run a three-month summer North Shore Shuttle program (\$160,000).

Councilmember Kagawa moved to approve C 2016-144, seconded by Councilmember Kualii.

Council Chair Rapozo: Any discussion? Before we take public testimony, let me bring up Mr. Costa so that the public gets an opportunity to see what they are trying to do. With that, the rules are suspended. Mr. Costa.

There being no objections, the rules were suspended.

GEORGE K. COSTA, Director of Economic Development: For the record, George Costa, Director of Economic Development. I also did a PowerPoint presentation, but I do not know if we need that at this point.

Council Chair Rapozo: I think we had gone through the shuttle program a while back. I think if you could focus the presentation on the money, budget, what the plan is, what brought you here today, and what you have done since your request. I think for the public's information, the last request you made to the Council was denied and the Council basically suggested that you go out and get some visitor industry support for this project. You can take it from there.

Mr. Costa: I will summarize my presentation. Just to start, last year when I came before the Council and we presented our present fiscal year budget, I placed a request to fund the North Shore Shuttle on an annual basis, at least for one (1) year, and we ran a six-month pilot program and felt it was successful in the fact that we learned a lot. We got not only participation from the visitor industry, but also residents. With that request, we were denied, but we took to heart what the Council recommended at the time. I had several recommendations. First and foremost was that the County had already stepped up

to the plate and funded the six-month shuttle with two hundred thousand dollars (\$200,000), so the mission was to go back and seek other partners. We started with the Department of Land and Natural Resources (DLNR) because much of the impacted area is in the Hā'ena State Park and we felt that DLNR should be at the table with this request. With these pictures here, you can see that the impact is pretty much on a daily basis with cars and traffic. What we did was we put together an invitation to then chair...she was then the new chair, Suzanne Case, for DLNR. We brought her to Kaua'i, along with her Deputy Kekoa Kaluhiwa. We did a tour of Hā'ena and showed her the various areas that really needed assistance. The bottom line is that after our tour for the day, I made a direct request of financial assistance and Chair Case's response was, "Well, why do you not go and check with your legislative team, Senator Ron Kouchi and our three (3) State Representatives?" She said that ultimately the money would come from the Legislature. We went back, met with Senator Kouchi when he came to Kaua'i with his Ways & Means Committee and we made the request then. We also made a request to the Hawai'i Tourism Authority (HTA). Fred Atkins is our Kaua'i Representative and I must acknowledge Fred, because out of all of the agencies, he came to our aid, saw the need, and went to the HTA board for assistance. Basically, after almost one (1) year of discussions, the board made a decision about one (1) month ago...in fact, less than one (1) month ago to provide funding, not only to fund the shuttle program, but also because this area is heavily impacted by our visitors, address some of the culturally significant places in Hā'ena. As a result, we have an appropriation or an allocation of one hundred sixty thousand dollars (\$160,000) to do a summer pilot program for the North Shore Shuttle and one hundred forty thousand dollars (\$140,000) going to addressing some of the cultural areas in Hā'ena. These are just some of the comments that visitors made. Basically, it says that area, Kē'e Beach and Hā'ena, is over-loved, crowded, and somehow in some way, somebody needs to step up and address that area. Again, we acknowledge Fred Atkins for stepping up and providing these funds for the shuttle.

As I mentioned, the shuttle will run for three (3) months and we want to start as soon as possible. I have already contacted Roberts Hawai'i, Hawai'i Executive Transportation Service, and Pono Express, which is a local transportation company that have shown interest. Right now, we are in discussions. Since it is a three-month program with a short time fuse, some of the companies do not presently have the vehicles available to start the program. So in the next week or so, I will find out who is actually able to provide this service for the three (3) months. Again, it is to address the traffic and parking situation in Hā'ena, but also the long-term, and again, based on this Council's recommendation to start...well, we have already started meeting with the resort managers, and with this approval, we will go back to the managers that have given verbal commitment to support the shuttle and put together a plan where we hope this can be done on a long-term basis, funded through the visitor industry, i.e., the various resorts in Princeville, as well as the various businesses in Princeville and Hanalei. We have a draft plan and a draft Request For Proposal (RFP) to look at a long-term solution to this. I put together a budget, just to give you an idea of the cost for the three (3) months. As you can see, payroll and payroll expenses are about one hundred eight thousand

dollars (\$108,000) and the balance is for recruitment, communications—sales and marketing and advertising is key. I am going to work closely with Sue Kanoho and the Visitor's Bureau and the various resorts themselves to get the word out as soon as possible to let people know that the shuttle will be running for three (3) months and we encourage them to not only take the shuttle, but our goal is to work with the various resorts and incorporate this into, hopefully, their annual budget and resort fees that they are working on presently for the next calendar year. That is the shuttle component. I will get into the cultural projects next. Any questions?

Council Chair Rapozo: Let us see if we have any questions on the shuttle portion. Any questions on the shuttle portion? Councilmember Kagawa.

Councilmember Kagawa: Thank you, George. Is there any expense that is going to be supporting gathering ridership data during that period?

Mr. Costa: Yes. That is part of the requirement of the operator. It is part of their management.

Councilmember Kagawa: So they will have some kind of system where they are tallying who is riding and making sure that we are trying to separate different riders. If the same rider jumps on and we count them twice...I think that is what the Kaua'i Bus was doing and when we asked the question, "How many different users are using it," they could not tell us because they do not have that capability. I was wondering if we had that or we even considered that capability to gather how much different users are using it, and then what routes carry the biggest load from where to where, so that as we see whether the program is worthwhile, we have numbers to support our decisions.

Mr. Costa: Right. It will be difficult. I will work with the operator to record individuals, but what we did the last time was they had a chart, and for everybody that gets on, they did a tick mark. We did it by resort, so as they stopped at each resort, say a family gets in, they log down how many adults, how many children, and what the corresponding fare was, so we were able to log it that way. We are looking at charging the same fee: four dollars (\$4) for visitors, one-way and two dollars (\$2) dollars for residents, one-way. So for every one-way trip, say from Princeville to Hā'ena, is recorded as one (1) trip. If that same family turns around and goes back, we log it again, so at least we have the number of people going what is termed "rides." I will see if we can do it on an individual basis, but again, these drivers are going to be concentrating on driving, so it might be difficult.

Councilmember Kagawa: Were the previous shuttles full? For me, the four dollars (\$4) seemed quite high if we are trying to encourage larger numbers to ease congestion. Four dollars (\$4) one-way—even when you say, "Well, tourists have money," but it seems quite a lot just for a short ride. I am wondering if those four dollar (\$4), one-way rides on the previous shuttle filling up the buses.

Mr. Costa: Actually, it was 50/50; fifty percent (50%) of the bus was filled with visitors and the other fifty percent (50%) with residents.

Councilmember Kagawa: Even more so, I think four dollars (\$4) for a resident, they will try to put their thumb out and get a free ride.

Mr. Costa: That is why residents were charged two dollars (\$2).

Councilmember Kagawa: Oh, residents were two dollars (\$2)?

Mr. Costa: Yes.

Councilmember Kagawa: Okay.

Mr. Costa: That was kind of close to the breaking point, because anything more, they would say, "I am just going to take my car."

Councilmember Kagawa: Yes, or the thumb.

Mr. Costa: Yes. I was actually surprised to learn how many people live out in Hā'ena that hitchhike every day. The shuttle was a good service.

Councilmember Kagawa: I teach at Kapa'a High School and I have all of the north shore kids and they always tell me how they hitchhike all over the place, so I know it is very common.

Mr. Costa: Right. Part of the recommendation from the Council that we took heed to was when we worked with the resorts, one of the recommendations is going to, as I mentioned, see if they can incorporate it into either their maintenance fees for timeshare or their resort fee for hotels. That way, in our estimates, that covers the operation of the shuttle and their guests can ride free, unlimited. So that would encourage a lot more people to take the shuttle and not use their car.

Councilmember Kagawa: That seems to be a great approach. I think still having some type of fee, but I do not know...if four dollars (\$4) was successful, then I would say that four dollars (\$4) is good, but I do not know how the previous shuttle ran with the numbers. If we can consider that four dollars (\$4) may be high...the goal is actually to get the numbers on the shuttle and that way we will have less cars going down there and hopefully the public will see, "Wow, great. We now have some parking when we want to go and enjoy the hike or the beach at the end of the road." Thank you.

Council Chair Rapozo: Any other questions for George?  
Councilmember Kualii.

Councilmember Kualii: Being that this funding would only be for three (3) months, realistically, is it sort of like another pilot project where after three (3) months it may just end if it does not have further funding, as far as the fees that people would pay to ride, or whether the hotels, like you mentioned—that sounded like a good idea if all of the hotels got in and that people could actually ride it for free because it would probably be full and you would get more people off the roads. Realistically, have these stakeholders already bought into that idea? Is there any kind of future commitment to sustaining this after the three (3) months?

Mr. Costa: When we ran the first six-month pilot, there was a lot of verbal commitment and the resort operators said they would contribute financially if the program ran for one (1) year. Obviously, that did not materialize. In the discussions we have had over the last year, with the commitment from the HTA, HTA is saying, “We will put up the money for three (3) months.” Basically, Sue Kanoho and I have our work cut out for us to go back to these resort operators and say, “Okay, you said if we got it going...yes, it is not for one (1) year, but we have a plan.” We would like to see this plan implemented, but funded through the resorts and through either maintenance fees or their resort fee that they charge anyway for newspapers and coffee. We calculated that for one dollar (\$1) or two dollars (\$2) on a resort fee, based on the occupancy and timeshare intervals, we would generate more than enough revenue to run the shuttle for one (1) year. As I mentioned, that way, they could probably handout wristbands or something that would show that they are part of that resort and they are covered through their maintenance fee so they can ride unlimited. Anybody else not participating, obviously, would be subject to the fare, either four dollars (\$4) or two dollars (\$2). That is the plan for right now. Once we receive approval, Sue and I will get working on that. We have already established some communication, but we want to make sure this is a goal, and then we will go right to work and get the results.

Councilmember Kualii: The prior pilot was for six (6) months, right?

Mr. Costa: Yes.

Councilmember Kualii: So it operated fully for those six (6) months?

Mr. Costa: Right.

Councilmember Kualii: So you have the data and information of what works and what does not work, so you are incorporating that, and then now you have this additional three (3) months new pilot. The hope would be that in this time, before those three (3) months end, you already have the buy-in and the commitment with actual funding so that it can continue.

Mr. Costa: Yes.

Councilmember Kualii: That would be the number one thing to accomplish in the three (3) months, besides getting the ridership up. The ridership will not be an issue if it is free, I think.

Mr. Costa: Well, that would be a great plan if we could do that. I am confident that we can. We just need those resorts to be part of the program.

Councilmember Kualii: Okay. Thank you.

Council Chair Rapozo: Any other questions for George? Go ahead, Councilmember Kagawa.

Councilmember Kagawa: Would the shuttles run like it was previously? What was it? Per hour?

Mr. Costa: Yes, every hour, pretty much on the hour, starting from six o'clock in the morning to nine o'clock. So we take care of the early morning run that goes from Princeville to Kē'ē. A lot of people either start out on a hike to Hanakāpī'ai or Kalalau and they want to get a head start, saving a place on the beach. Then on the way back, they are picking up employees that work in Hanalei or Princeville. Then the evening shuttles, they see up to six o'clock to six-thirty, people go out to Kē'ē to watch the sunset, and then on the way back in, the dinner crowd from Princeville to Hanalei go to the restaurants in Hanalei, so they use the shuttle up until nine o'clock.

Councilmember Kagawa: So the last run would be?

Mr. Costa: At nine o'clock, terminating in Princeville. It would start at eight o'clock, pick the early dinner crowd up, and then take them back to Princeville.

Councilmember Kagawa: Thank you.

Council Chair Rapozo: Any other questions? If not, George, do you want to go on?

Mr. Costa: I might as well. When we were in discussions with HTA throughout the year, they obviously want to support the shuttle, but they also felt that because of the cultural area and significance is also being impacted by our visitors, they wanted some of this money to go towards the restoration of the cultural areas in Hā'ena and Kē'ē. So the State already has a Memorandum of Understanding (MOU) with a local nonprofit, which is the *hui*, Maka'āinana o Makana, which are comprised of Hā'ena families. We have today, Presley Wann, who represents one of the families and the president of the *hui*. HTA wanted to support four (4) projects. One of them is the restoration of the *lo'i* and those of you that are probably my age or older remember that...well, I

remember growing up that that area was mostly a swamp, and then over the last few years, the *hui* has started restoring the *lo'i* in that area and they want to expand that to also build an educational *hale*. This is some information about the *hui* and what they do. As far as the project description, I mentioned that the first project is to restore and steward the wetland *lo'i* complex in Hā'ena State Park, and then a part of that is also to clear several acres of non-native invasive plant and tree species to restore the old cemetery, and there is an old *poi* mill, which I did not realize was out there, and also, as I mentioned, build an educational *hale*. Another project would be to repair the parking lot that is out there, and I have some pictures that show how bad that parking lot is. We had hoped that the DLNR would put some money, because really it is their park, but that was not to be. Again, we acknowledge Fred Atkins for stepping up to the plate and providing HTA money to help do that. Then there is the restoration and maintenance of Ke Ahu A Laka, which is the *hula heiau*. The *hui* also added the former Allerton homesite. Again, those that are my age or maybe older, remember that before the home got destroyed, there was a home on the point out at Kē'ē. It was used in the filming of "The Thorn Birds." Anyway, I believe it got destroyed in Hurricane Iniki. What the *hui* would like to do is the home site area is overgrown and they want to clear that area and encourage visitors to go there and see the sunset and the sites, as opposed to going up to the *hula heiau*. A lot of people that go up to the *heiau* do not really understand the significance or the cultural protocols. Even though we are not putting up a gate or a sign that restricts people, we want to encourage the general public to go to the Allerton area, and then the *heiau* itself is frequented by *hula hālau* and they help maintain it as well. The last one is the restoration of the entrance to the wall at Maninihola or what we refer to as the "Dry Cave." Growing up, I did not realize that the tidal waves in the 1940's and '50s pretty much destroyed the wall that was there, so the *hui* has been working on restoring that wall. Here are some pictures of the *lo'i* area from a different vantage point. The *hui* built a lean-to that they used to meet and store their tools. When schools and other organizations come for educational tours, they are housed in that lean-to that you see in the background. The *hui* wants to build an educational *hale*, using ancient Hawaiian methods, basically like thatched hut, and they would bring in experts that have that experience. Here is a picture of the area where they started clearing to build that *hale*. A lot of the false Kamani trees, Guinea grass, and some other non-native species have been cleared. Here is the foundation of the old *poi* mill. I did not even know there was a *poi* mill out there. They just want to get that area cleared and put signage that talks about how that *poi* mill, in its day, was generating a lot of *poi* from that area. I also did not realize that there is this cemetery out there, and it is my understanding that the Mayor's great or great-great-grandfather is buried here. He was one of the last inhabitants of Kalalau, and when he moved to Hā'ena, that is where he resided and this is where he is buried. Here is the parking lot. You can see how bad it is. There are deep ruts and large potholes filled with water. The Ke Ahu A Laka, the *hula* area—again, between the *hui* and the *hālau*, they maintain it pretty well. These are pictures of the *hālau* and some people cleaning. This is the point, and you can see where those Ironwood trees are—that is where the house used to be and that is where they want to clear and encourage the local visitors and general public to go,

as opposed to going up towards the *heiau*. This is the trail that leads to the point and it is all overgrown. A lot of the work that they plan on doing is all going to be by hand and they have to hand-carry the green waste out to be disposed of. This is that flat area where the house used to be, so that will be cleared and provide a nice area for the general public. Here is an old archive photo of the Maniniholo cave with the wall back in the early 1900's and some of the work that has already begun to restore the wall. That is it. Thank you very much.

Council Chair Rapozo: Any questions on the cultural component?  
Go ahead.

Councilmember Kagawa: I have a question about the parking lot. What is the plan for the Hā'ena parking lot repair? Is it just to fill holes and leave the natural dirt/sand or are we looking at putting some type of rocks? What is the plan?

Mr. Costa: There is a full scope of work, but I did not include it in here. Presley is a former engineer with a heavy equipment background, so they have actually put out a scope of work that has been approved by the DLNR, since that is DLNR's property. Maybe Presley can come up and explain more about how they plan to grade it. Like a lot of large boulders that are sticking out, removing the large boulders, grade it, put coral, and swale it so that the runoff goes towards...I guess there is a natural swale. Right now, the water just ponds and with people going back and forth, it just makes big ruts. So they plan to engineer that parking lot, so it lasts a lot longer.

Councilmember Kagawa: Right. So there will be some type of rocks and coral on the top?

Mr. Costa: Right.

Councilmember Kagawa: Okay. Thank you.

Council Chair Rapozo: Councilmember Kualii.

Councilmember Kualii: So the parking lot is actually on DLNR land?

Mr. Costa: Yes.

Councilmember Kualii: Actually, this was a parking lot that just grew out of necessity? In here, a lot of the times, they refer to it as a "parking area" because it is not the lot at the end of the road where people on the hard top they park. That is the end of the road Hā'ena Beach parking.

Mr. Costa: Right.



Councilmember Kuali'i: But this, out of necessity, was kind of like an open field...is it still close to the beach or is it closer to the National Tropical Botanical Gardens (NTBG)?

Mr. Costa: Actually, it is halfway between NTBG and Kē'ē. It is right next to the *lo'i* actually, so that is why they have taken stewardship.

Councilmember Kuali'i: From the highway, is there a sign that tells people to park there or do they just see cars down there?

Mr. Costa: Yes, it is right there. You cannot miss it. It started as a small parking lot when I was in high school. Taylor Camp was in that area, and then overtime the State has just opened it and more cars park over there, but it is really not maintained. The *hui*, since they are right next door, have taken it under their stewardship to maintain that area.

Councilmember Kuali'i: I think it is awesome that they have. Obviously, it needs to be cared for and monitored so that it is used appropriately so they are not affecting the *lo'i* or any of the surrounding areas. The only other thought I had was if the State is partnering with them and allowing them to maintain it, would they also allow them possibly to get a parking fee of some sort for future sustainability and maintenance? Because every car that came in and parked could pay a small fee and that could be used to keep the place going.

Mr. Costa: Right. I do not think right now, but in the Hā'ena State Master Plan, that parking area is to be expanded a little bit to one hundred (100) cars max. From what I understand, they are going to pave it, put a restroom there, and then limit the number of cars in that area. I believe if you are car one hundred one (101) and you drive all the way from Po'ipū and the gate is closed, you have to turn around, but we keep telling the State that if I came on vacation from the mainland, I am not going to turn around. I am going to find someplace else to park. It is something that we need to address and that is why the shuttle is important because not everybody is going to be able to drive their cars down there in the future.

Councilmember Kuali'i: I hope the State would work with the local nonprofit, the one that has the stewardship and *kuleana* and allow them to get the revenue and do the maintenance and perhaps help with the other work that they do, because I think of this one hundred forty thousand dollars (\$140,000), the biggest chunk, seventy-five thousand dollars (\$75,000) is going to the parking lot and only a small amount is going to the restoration and maintenance, the *hale* and *heiau*, and those pieces are really important. I am glad to see, too, that HTA required that so that there was a cultural part, too. You are shuttling people to that area for the value of what is there, but you also have to preserve and protect that. Thank you.

Council Chair Rapozo: Any other questions? I have one more, George, and this goes back to the shuttle question. The hotel industry or tourism industry is aware that this three-month pilot, if you will, is not going to continue without their help. Is that correct? Do they understand that? Because after the last time the Council stopped the funding, the Council got really barraged by everyone saying, "How dare you stop this and stop that," and I do not want the public, the community, or the industry to think that the Council, by approving this HTA money, is agreeing to continuing the program after three (3) months with no assistance from the industry. Using the numbers, the nine thousand two hundred twenty dollar (\$9,220) number, which was from your report basically for that six-month program...

Mr. Costa:

Right.

Council Chair Rapozo: At one hundred sixty thousand dollars (\$160,000) for three (3) months, you multiply that by two (2), so it is basically three hundred twenty thousand dollars (\$320,000) for six (6) months, and if you divide that into the nine thousand two hundred twenty dollars (\$9,220), you end up with thirty-four dollars and seventy cents (\$34.70) per ride, which is very expensive to move a person from point "A" to point "B."

Mr. Costa:

Right.

Council Chair Rapozo: I think the industry needs to understand that it creates a benefit or value to their hotel if they can offer this, so they should be paying for it. I do not think the taxpayers should be paying thirty-four dollars and seventy cents (\$34.70) to move someone from Princeville to Hanalei or from Princeville to Kē'e Beach to go to the beach. I just want to make that clear because this is where it should come from, the State and HTA. I appreciate your work, but I want to make sure that the industry is aware that this is a three-month project giving everyone three (3) months, the opportunity to come together to agree on partnering to continue the shuttle program. I am hoping that is what your intention is.

Mr. Costa: That message was sent loud and clear. For the most part, most of the industry people that we have met with during the last year are aware that we are committed to getting this going again, but that they need to be part of the equation.

Council Chair Rapozo: It is just that that industry had their employees E-mail us about how upset they were that we stopped the project. So I think they need to understand that it is not the taxpayers' responsibility to fund this; it is the industry or the State because the congestion down at Kē'e Beach is not a County road, not a County park, not a County trail, and not a County beach. It goes back to the whole discussion of how much should the State be paying. To me, in that area, they should be footing all of it.

Mr. Costa: Right.

Council Chair Rapozo: Anyway, thank you, George, for your work.

Mr. Costa: I appreciate it. Thank you.

Council Chair Rapozo: Any registered speakers for this?

Ms. Fountain-Tanigawa: Chair, we have one (1) registered speaker,  
Sue Kanoho.

Council Chair Rapozo: Ms. Kanoho.

SUE KANOHO: *Aloha.* Sue Kanoho, Executive Director, for  
the record.

Council Chair Rapozo: Welcome back.

Ms. Kanoho: Thank you. I just wanted to say that we have worked really hard on this project with George and HTA. It is an attempt to try and do something out there. Yes, it is a short-term for the moment, but it is peak summer. I think that if we can run it during peak summer and see how we do...it might end up being...I do not know...it is only done during peak times. It is so expensive; I understand that, Council Chair Rapozo. But we also feel strongly that it is not fair to the people who live in that area to continue with nothing. This is our attempt to try and address the masses of people. I really want to acknowledge Fred Atkins, who is our HTA representative who really fought hard for this money. It is a one-shot deal, so it probably will not come around again. It is up to us to see if we can make it work. We will be at "full pedal to the metal."

Council Chair Rapozo: Thank you very much. I know you, George, and Fred...to get through a grant from HTA is not an easy task.

Ms. Kanoho: Exactly.

Council Chair Rapozo: You have done good and now the industry has to step up.

Ms. Kanoho: We are going to work on it and do our best.

Council Chair Rapozo: Any questions for Sue? Go ahead.

Councilmember Kagawa: Is there a program that the north shore hotels, such as Princeville, Hanalei, and what have you, those visitor industries; do they have programs to get tourists from the airport to their location without renting a car?

Ms. Kanoho: Not currently, but I will tell you that Lee Steinmetz, George, myself, and many people and through the tourism strategic plan, we have been looking at possibilities from the airport, say to another area in Princeville yet to be determined, and then from Princeville down. There is effort underway to look at not every single human being has to have a car seven (7) days a week, fourteen (14) days a week. Maybe you only need it four (4) days a week or three (3) days a week. We are very much looking at that possibility. I cannot say it is ready to pull the trigger on anything, but we are very much aware of the capacity issue and very much aware that could we work it in a way that not every single person needed a car, every single day they are here. Could that be done? So we are looking into that.

Councilmember Kagawa: I have a very good friend that I golf with a lot that works down there and he said that Princeville, I guess St. Regis, has at times a fairly large number of Japanese and Chinese or oriental tourists that basically go there and they do not really leave the premises much. I am wondering, and I never asked him that question, and I do not know if he knew the answer, but maybe you know—how do they get there? Because a lot of them, I do not see them on the road. You see a lot of the other nationalities of tourists driving, but you do not see the Japanese or Chinese people. I think they are apprehensive about driving on Kauaʻi.

Ms. Kanoho: Right. There could be sometimes in a package, what is called a transfer and the transfer could be via a shuttle and it could be via a speedy shuttle. In other words, it could be something that...

Councilmember Kagawa: So they have a shuttle of their own.

Ms. Kanoho: Or that they have worked it into the price, and then they sent somebody out to get them. There is a company on-island that does Korean tours and they have been doing a lot of movie people, so it could be that they also have a group that goes up there. There are some options along the way, but we are just looking at as an island overall, as the capacity discussion keeps coming up, what are our options to try and see if we can get everybody half the time, could they cut back two (2) days and not need the car? There are times when they are sitting at the resort and they are not doing anything. I did want to acknowledge Hanalei Colony Resort, who has a shuttle themselves. George and I work closely with Laura Richards out there and they have a shuttle for their guests, which again, their whole issue is if you come out to that property, which is at the end of the road, and say you wanted to go into town, they would provide a shuttle for you. So they have on property a shuttle for their guests. She is doing that now, so that is an opportunity right now for somebody to say, "Hey, we do not need a car the whole time." I feel like there is some effort, I just do not think we are there tomorrow where you are going to see the impact. This is going to be an ease-into it kind of thing and various places around the island are going to do it differently. There is quite a bit of discussion on the subject.

Councilmember Kagawa: I just want to close with saying that I think it is brilliant, the work that yourself, George, and Fred have done in getting HTA to fund at least the peak period, in a period that we had it for (6) months, we took it away, and then we have a peak period. I am hoping that using your brilliant idea of giving the hotels a chance to see how successful this can be as a partnership with the community. I think the numbers will make it last and the numbers will encourage the visitor industry that perhaps we can incorporate this into our fees or what have you. Then that way, it will be a small price to pay for a large service.

Ms. Kanoho: HTA is tired of hearing me complain, right, Yvette? I think I have been complaining as long as you have been on my account. I have really made it top priority to "Please do something for that area," because I think that is the right thing to do. As Council Chair Rapozo noted, it is the State. I would acknowledge Alan Carpenter, Kurt (Inaudible) have been working with myself, Presley, and many others. Presley and I have been spending many weekends for big discussions for that area as well. I do not want to get into the whole masterplan thing, but I do want you to know that everybody is doing the best they can to try and address that that area is over-loved and it does need to be taken care of. We are at that point where we really need to start doing things. Instead of talking about it, we need to do something and that is what this is going to be.

Councilmember Kagawa: Thank you for your great work on this.

Ms. Kanoho: Thank you.

Council Chair Rapozo: Thank you. Anyone else wishing to testify?

ALICE PARKER: Alice Parker, for the record. That is a marvelous area and we really need transportation up there. I have driven up there and sat in the middle of the road, waiting for a parking spot while baking in the car. That is not good. The other thing Councilmember Kuali'i brought up was the not-for-profit doing, maybe receiving fees for parking. That raises the issue of "Unrelated Business Income (UBI)" or a charity and that might be kind of thorny. I think Council Chair Rapozo's idea that the State should handle this and that the hotel industries up there would be terrific. We really do need a shuttle up there. Thanks.

Council Chair Rapozo: Next speaker. Glenn, you may come up.

GLENN MICKENS: For the record, Glenn Mickens. With all due respect to my friends, George and Sue, we did a pilot program with the shuttle and it was a failure. So if it was a failure then, why are we duplicating it for a lot of money? Parking is a major problem at Kē'e and it appears from the failure of the shuttle project that people want to drive their cars to that destination and not use the bus. Why not do what it takes to make more parking area at that site for what the people want? Let DLNR handle the problem. The hotels have said that they are not going to keep on funding this thing. Sue said it would be a short-term thing.

Short-term for what? Then what happens? Do you stop it? So we put out more money for another pilot program. Let us just be realistic and look at the total situation and how long it is going to be in place. But let us not just go ahead again and “ready, fire, aim” every time we do something. Let us look at the long-term project and see what it is. People do want to park up there. If not, like Council Chair Rapozo said, let DLNR pick it up. The hotels have already made the statement that they are not going to pay for it. We have to be realistic and find out what it is. Thank you.

Council Chair Rapozo:

Thank you. Next speaker.

LONNIE SYKOS: Good morning, Council. For the record, my name is Lonnie Sykos. The magic words I heard spoken this morning were “we need to try and do something.” That is the whole problem, wasting our tax money. Although some people look at, “Oh, this is State money; it is free.” I pay State income tax, so I look at State money exactly the same way that I look at County money because ultimately, it is all of the taxpayers’ money. Where do I get a copy of the written results of the last shuttle program? What did we actually learn that is quantified? Not that is subjective; not, “Oh, it was a good idea,” but objective with the numbers that demonstrate that it actually is a good idea? For this shuttle program that is about perhaps to be funded, the same question: where do we get a copy of the written study that is going to be done? What is going to be studied? At the end of the program, what do we expect to know? Here is what I know: the visitor industry in this County gets a free ride. The Mayor just went to New York—“bring us more tourists,” but every discussion in front of the County is, “We already have more tourists that we get reimbursed for the expense of them being here.” I am not anti-tourism or anti-tourism jobs; I am just the guy who can add and subtract. We are bankrupting ourselves, bringing in more tourists that we do not receive compensation for. People’s jobs are dependent on it, which I understand, but these same people are also being bankrupted tax-wise because the people who come in to supply them work cost the County more money than stays in the County because the visitor was here. So for this program, at the end of the program, what are we going to know? More importantly, what is the tourism industry going to learn so that they can make the decision to either step up to the plate and supply transportation for the people they bring to the islands for their profit? Or the public can decide whether we want to further fund this. Thank you.

Council Chair Rapozo:

Thank you. Next speaker.

JOE ROSA: Good morning. For the record, Joe Rosa. I am going to be retired thirty (30) years now and before retiring, while working for the Department of Transportation (DOT), we paved the road from Hā’ena State Park to Kē’ē Beach. That is DLNR’s road/highway, which the State does the work when it needs maintenance. So a lot of the problems out there right now are DLNR problems, but they are not using their funding to maintain that road and the parking area. So who is to blame: the Department of Transportation Highways or DLNR? DLNR acquires the Taylor Camp property, all the way from Limahuli

Stream to Kēē Beach. Limahuli Gardens was just starting prior to when I retired in 1986 and it was not a parking problem in that area, but now the parking problem starts from Limahuli Gardens, all the way down to Kēē Beach. You can see that it is “passing the buck” from one department to another. When Taylor Camp was acquired by DLNR, it was expected to be parks, restrooms, and parking. What happened? Talk is cheap. I can give you the moon because pretty sure you can take a shuttle ride to the moon and see what it is like. To execute, get the funding, and make things a reality, then do something...I am going to be retired thirty (30) years and there was a parking area that the DLNR prepared, fronting the wet cave area to make parking there because more people was going up in that area and there started to be a problem for parking. Yet, they filled it up a little bit and nothing else has been done. It is “scratch here, scratch there” and “talk here, talk there.” Those are the things that are not being done. You have a park system, what is a park doing? They have not improved the Taylor Camp area in anything. You look at it and go out there. Think about it. Has anything been done in thirty (30) years? I have not seen any change. You have to get things done by our legislators over there saying, “Hey, we have problems on the north shore.” Never mind what district. We have three (3) representatives so they can work together and get the bucks for Kaua‘i. I know that when I was working for DOT, we used to go to the Legislature, knowing that work needed to be done.

Council Chair Rapozo:

Joe, your red light is on.

Mr. Rosa:

That way, we knew what was going on and see what we need for the island here. Thank you.

Council Chair Rapozo:

Thank you. Next speaker.

Mr. Bernabe:

Matthew Bernabe, for the record. I support the idea. I do believe the shuttle is a great idea. What I want to point out is, as the Chair has pointed out that some of the employees were forced to contact him and express how much they liked it and “why did you shut it down,” should be enough proof for the hotel industry to pick up the cost already. As far as I see it laid out, there is your evidence. The fact that they contacted you and asked, “Why did you shut it down,” we should not have to do another three (3) months. With that said, I do not think that the County and the State should be the other partner in this. Well, except unless we take it over as a part of a holistic bus route that we can fund our own bus system. That is different. As far as this hybridized shuttle system, I believe the movie industry that gets a really, really, really good deal from the State should be putting up money. Jurassic World is coming back and they made over five billion dollars (\$5,000,000,000) from Jurassic World. In 2014 when they filmed, the State paid them, the whole industry, everything from Hawai‘i Five-O, the commercials, Sports Illustrated, and whatever, thirty-four million dollars (\$34,000,000)—we only collected nineteen million two hundred thousand dollars (\$19,200,000) in taxes. They get a very lucrative deal so that we can attract them here, even though they do not have to deal with arm bandits, poisonous snakes, and all of the other problems that on-location sites around the world have. We have

something; we have a jungle that does not have marauders and venomous creatures in it. That should be enough. We are in the United States and we have high-tech processing for films. I do not know why we bend over and take it up the "keister" when we make a deal with the movie industry. They should be helping fund what they have exploited. That is the deal. As far as the parking, two (2) things: that is DLNR and they should step up and pay more than three hundred thousand dollars (\$300,000). If we go and engage in that parking lot as a County, you folks better put sidewalks because I dive out there for *tako* for bait and I can tell you...I get there early before the tourists are there and I find handicap parking, but when I leave, they are all over that road, walking to the end of the road. There are no sidewalks. It is dangerous. That is some food for thought.

Council Chair Rapozo:

Anyone else?

NORMA DOCTOR SPARKS: Good morning. Norma Doctor Sparks. I am concerned about the one hundred sixty thousand dollars (\$160,000) only because I cannot figure out what that is going to be used for specifically, assuming that the bus driver or shuttle bus driver would get sixty thousand dollars (\$60,000), which I think is pretty high. That makes for five thousand dollars (\$5,000) a month, and for three (3) months, that would be only fifteen thousand dollars (\$15,000) for personnel and if you had two (2) shifts, it still would be only thirty thousand dollars (\$30,000), which leaves one hundred thirty thousand dollars (\$130,000) that is unclear as to what that is going to be spent on and whether or not the additional revenue from the actual people that would be riding the shuttle will also be providing. I am concerned, too, about the priorities with these dollars. How were these priorities identified? Are these the true priorities that we need on Kaua'i? The other thing that I also wanted to find out about was also whether or not matching funds have been considered for this time period, because these are transportation costs and they are matching, which would then expend the necessary funds to provide these services on the north shore. Thank you very much.

Council Chair Rapozo:

Anyone else?

PRESLEY WANN: *Aloha* Council. My name is Presley Wann. Currently, I am the President for the *hui* Maka'āinana o Makana in Hā'ena. I am just here to support the shuttle because when I was a kid, prior to statehood, we would sit down there and the only thing that used to come down there was the stretch-out cabs. Now it has changed so much. We have two thousand (2,000) to three thousand (3,000) visitors; six hundred thousand (600,000) a year total. I think this is an opportunity where...the *hui* has kind of a history of not waiting for government to ask them for help. We have a history of just doing things on our own. To give you an example, our in-kind donation last year was six thousand (6,000) man hours that we did. For the last five (5) years, it has been well over one million dollars (\$1,000,000) in-kind donation, just labor of taking care of the fourteen (14) acres curatorship that we have within State parks. I would also like to support the shuttle and the improvements in the parking because there is no way that place is going to get expanded. It was previously bulldozed and destroyed,



which is why there is the existing parking lot. I am against any more expansion of that. Here is an opportunity. It is not really any taxpayers' money. It is an opportunity to do a study for the shuttles, so I do not think we should let it slip by. *Mahalo.*

Council Chair Rapozo:                      Anyone else? Ms. Parker, for your second time.

Ms. Parker:                                      Alice Parker. I would like to second Matt Bernabe's statement about the uneven surface. I was up there with some even more elderly friends and one of them staggered on the uneven ground while going to the restroom and I had to rescue her, and I am in no shape to rescue anymore. So we need sidewalks up there. Thank you.

Council Chair Rapozo:                      Lonnie, and then Glenn.

Mr. Sykos:                                      For the record, Lonnie Sykos. Chair Rapozo, could you tell me if the County is going to provide the buses and drivers and scheduling or is some private entity going to do that?

Council Chair Rapozo:                      Private.

Mr. Sykos:                                      Who selects the private entity?

Council Chair Rapozo:                      George made his presentation earlier, so I am not sure if you were here for that.

Mr. Sykos:                                      My next concern is who determines what the revenue is and who gets the revenue? My utter concern in this whole thing is whether or not there is a written shuttle program planned that identifies what is going to happen and what information we expect to get out of this pilot program. Thank you.

Council Chair Rapozo:                      Glenn.

Mr. Mickens:                                      For the record, Glenn Mickens. I just want to say that I completely support what Lonnie said. Let us find out what went wrong the first time and see the total plan, what they have got in mind before we proceed and fail again? Spend more money? We keep talking about waste in programs. This is a great example of it. We are going to go out and do what? Do another pilot program for something that was wrong? I think what Lonnie said was one hundred percent true. Thank you.

Council Chair Rapozo:                      Matt.

Mr. Bernabe:                                      Matthew Bernabe, for the record. I just want to say two (2) points. To Mr. Sykos, I want to reiterate that these three (3)

months are so that we can convince the hotels that it is in their best interest to take the reins and run it from there, as far as what I heard from the presentation. I disagree with that. I think the Chair's comments about when they dissolved the six-month trial last time, having all of the employees call to express how bummed they were and in your words, "How dare they remove it." That is the evidence. I would just throw that back on the hotels. "Look, you wanted it when we stopped it. That was our trial period. We are going to take the evidence." If it did not work, then do not do it. If it worked, then there is your evidence. I do not think we should waste another three (3) months. With that said, the other point I want to bring up is correlated to that discussion that I just had, which is the timing. All of a sudden the State is going to give us money in an election year when we have been hammering about the transient accommodations tax every other week? This is to say, "Look, we are doing a good job. We are alleviating the traffic down there. Look, we are doing this." I am all for the money going to the restoration of all of these projects and I am even for the shuttle. What I am in for is that the State go and tell the movie industry that, "Look, we are adding this on top of our deal. You are going to have to front this with the hotels." That is what I am advocating. We have already expressed that the problem in their own language is over eighty (80) major films, right? We actually go out and say, "Come here." When we make those deals at the State-level, we are incorporating that the free advertisement is part of our return. So guess what? That return is not good as we like. It is like eating a bunch of candy—yes, it tastes good, but when you are done, you get rotten teeth and a sore stomach and we out of money because we spent it all on the candy. Let us ask them to front some of this bill.

Council Chair Rapozo:

Next speaker.

Mr. Rosa: For the record, Joe Rosa. Like I was saying before I was cutoff, this is a DLNR problem. Time and time again, you have heard it, bringing the tourist industry in it, but yet, as I said, thirty (30) years ago, nothing has been done by the DLNR. They are sitting in an air-conditioned office here in the State Building and the O'ahu staff there, and yet, who does the planning? Does the Kaua'i office or O'ahu office do it? The people have no say. I look at it as they promised the people a whole lot, but they cannot complete their projects or their promises. Secondly, around the restroom area, I went on a trip to the north shore with some people and they wanted to use the restroom, but you have to walk to get to the area inside of there. It is hard for the elderly people to go to the restroom because it is so far. I think they should have permanent parking. They have to put half an hour, ten (10) minutes, or fifteen (15) minutes. Those are the kinds of things to think about. The DLNR should be brought into these meetings because it is a major concern for the DLNR; not the County of Kaua'i and the taxpayers of Kaua'i. It is the overall general; it is the State DLNR. The burden on the shoulders here of the Kaua'i people...like I say, I know that for the tourist tax earlier this year, we donated eighty-two percent (82%) more than Maui and Hawai'i island. Yet, we do not get our fair share of it. The (inaudible) in Honolulu get (inaudible) with Kaua'i. They said, "Thank you, Kaua'i. They are doing very well. We have nothing to squawk about," but they keep bleeding us. It is high time

that they get the people here who are responsible. Like I said, our state legislators know it is a major concern in the north shore. Get together and round up all of our representatives there, the Senator and the three (3) Representatives, and bring that money in for Kaua'i. Hook or crook, bring it in and get work done so we do not have this kind of problem. Once and for all, they should do something about those bridges. It concerns life and safety. I do not know how much fire insurance the people of the north shore pay. It is a liability that is a major concern.

Council Chair Rapozo: Mr. Rosa, that is your time.

Mr. Rosa: That is the kind of thing. Get the right people out here and let us here what they have to say. Thank you.

Council Chair Rapozo: Thank you. I think we got everybody twice. George?

Mr. Costa: For the record, George Costa, Director for the Office of Economic Development. I know personally and I respect all those who provided testimony, and I just wanted to add that Mr. Bernabe had mentioned that all of a sudden this money has come about. We have been working on this for a year and it has not just come about. We have been in discussions. I think Mr. Mickens also mentioned about people wanting the independence to drive and park down in Hā'ena, so that was another option that we looked at. A private landowner...there is not much flat land out in Hā'ena, but one of the property owners has over five (5) acres and is willing to create a parking lot, which we thought would have been easier to do a shuttle from his property, out to the end of the road and back, as opposed to running a shuttle from Princeville. In working with the DLNR...it is frustrating because that area is DLNR, so we come up with a solution to create a parking area that people can park off of the road and ease up the tension of parking in Hā'ena. Working through the DLNR process is going to take years. Yes, it is frustrating. It has not lessened our resolve to find some of kind of solution, and I have to speak personally because my family is from the area. We have looked at all of these options and I am sure there are others that we have not looked at, but we will continue to find solutions to this. It has been a long, arduous, and frustrating process. Thank you.

Council Chair Rapozo: Councilmember Kagawa.

Councilmember Kagawa: I just wanted to see if you can answer Lonnie's question about how the vendor would be selected to operate the shuttle.

Mr. Costa: Right now, because it is a short fuse, we are looking at Garden Island Resource Conservation & Development Inc. (GIRC&D) to do...the Office of Economic Development is going to receive the money, and then we will do a grant and select one of the vendors that we are looking at that has the equipment. Basically, that is what it is boiling down to. I would be more than happy to meet with Mr. Sykos because we also have a draft RFP. We really feel

that this should be a long-term project. So I have drafted an RFP that we hope to put out to see who can provide a shuttle service long-term and have some kind of indication. I have a general idea, but to have some kind of indication of what the annual costs would be so that when we do meet with the resorts, they have an idea of what that number is when we are looking at an annual thing that we can do, hopefully every year. So there is a plan and I would be more than happy to meet with them and share that with them.

Councilmember Kagawa: Thank you.

Council Chair Rapozo: Thank you. With that, I will call the meeting back to order. Further discussion? Councilmember Kagawa.

There being no further testimony, the meeting was called back to order, and proceeded as follows:

Councilmember Kagawa: Thank you, Chair. I think it is very important that we support this, number one. I think I made a suggestion back when I could not support the County continuing the funding that they try and work with the State and try and use some of the HTA funding that the State...there are large amounts that the State gives to the HTA and a lot of it goes to areas that do not really pertain that much to Kaua'i. They put a lot of money into the Asian market and Asian tourists spend a lot of money in Honolulu and it generates a lot of tax money for the State of Hawai'i. For me to say that it is unnecessary is wrong. It does provide a benefit, but the benefit to Kaua'i is very limited. Funding for Aloha Stadium has a very limited impact to Kaua'i. The tourists' Convention Center—has very little impact to Kaua'i. A lot of the millions and billions go to areas that is hard to pinpoint what the net effect is on us. This is one where at least we have three hundred thousand dollars (\$300,000) of a direct impact to Kaua'i, so I am very happy to support this funding that would directly impact an area that is just fully congested and needs improvements. It is an easy one for me. I once had an education lesson from Senator Kouchi when I made a comment about the airport funding. I said, "I do not know why we are spending twelve million dollars (\$12,000,000) because the airport looks fine to me." Then he called me and said, "Well, each of these moneys needs to be spent each year. Would you rather it go to O'ahu, Maui, or Hawai'i island?" Sometimes, even though it looks fine, at least we are getting a share of tax moneys that are being paid by us every time we fly to Kaua'i. That is the same thing with the HTA that if we do not take these three hundred thousand dollars (\$300,000), I am sure they are going to spend it in O'ahu, Maui, or Hawai'i island. So at least we got a portion of that and it is going to provide us with some areas for improvement. I had a suggestion just pop-up that perhaps we can do different colored tickets, perforated, that could help make it easy for bus drivers, accounting-wise, to see how much different users are using it. For instance, a four dollar (\$4) ticket for a visitor could be a blue ticket. If they jump back on the bus again, they will only pay a one dollar (\$1) fee to jump on and it could maybe be a purple ticket. For the residents that use it, the first initial ride could be a red two dollar (\$2) ticket and when they jump back on again, it could be a

pink ticket for one dollar (\$1). That way, the bus drivers can just tally how many different tickets and we will know exactly how much different users use it, and then calculate how much cars we took off of the road. Then the public can see the impact of the shuttle and the visitor industry can see the impact of the shuttle. Then I think we are at a better place because we have numbers to support how effective this program is. It is just a suggestion. I am just a layperson. I thought that instead of doing tick marks, it is going to be a lot more accurate if we have moneys to support the revenues that are coming in that are collected by the buses. Thank you, Chair.

Council Chair Rapozo:

Councilmember Kaneshiro.

Councilmember Kaneshiro: I, too, just want to say that I support this. To reiterate the County is not putting any money into this extended project. Yes, I am under the same impression that I think it is difficult to get money from the HTA and they are willing to give it to us, so we should use it to try and come up with a solution. If we do not use it now, it is going to go somewhere else, probably to another island. How wisely does the State spend their money? I am not sure, but if HTA is offering us money to try and resolve our problems on the north shore, I say we use it and we try to come up with something. Ultimately, we are trying to find a solution that is cost-effective and will ultimately improve the quality of life for everyone out there on the north shore because we all know it is a problem. I am happy with it and I support this one hundred percent (100%) right now.

Council Chair Rapozo:

Councilmember Kualii'i.

Councilmember Kualii'i: I will be voting in support. I also wanted to comment primarily on the cultural project and just thank the *hui* Maka'āinana o Makana for all of their efforts in the past and for what they continue to do in the future, as far as the stewardship. Six thousand (6,000) hours of in-kind volunteer hours so far is pretty impressive. I also think it is really important, those three (3) different pieces of what they are doing there for the education, restoration, the *hale*, the *heiau*, and clearing the Allerton home area so that the tourists would go there instead of...some even perhaps desecrating the existing *hula heiau*. That will be really important to the future preservation and protection of that *heiau* and all of the significant sites in Hā'ena. I very much appreciate that work and this is easy to support and I am pretty sure that *hui* Maka'āinana o Makana could go to the HTA directly, without the County and get this funding and even more funding, because that work is pretty critical. Thank you.

Council Chair Rapozo: Thank you. I will echo the comments of Councilmember Kualii'i, as far as the cultural component. I appreciate what the organization has done. I am not going to try and pronounce it right now, but I know several of the members and that they put a lot of work in and they work hard and long. Those are very, very key sites for our culture. Obviously, that is a "no-brainer" and those are the kind of things that those funds should be used for. As far as the shuttle, I heard a couple of statements today about what went wrong

the last time. What went wrong the last time was real simple—it was using taxpayer, County moneys for a for-profit company that got, what I believe was a no-bid contract, and actually got a free Mercedes van out of that. Those were the problems. There was no problem with the results of the program. The numbers do not lie. If you looked at the numbers, they moved a lot of people around. But the problem, and I am speaking for myself and why I did not support it, was because the way it happened was wrong. I think George got the message and he went right to work. We told him, “You let the industry pay for this.” As Councilmember Kagawa correctly stated, “Get the HTA to pay for this.” So George went on his way with Sue and Fred Atkins and basically using the relationships that they have with the State and got the State to cough up three hundred thousand dollars (\$300,000), one hundred sixty thousand dollars (\$160,000) of which to go to the shuttle program. It is not that the shuttle program did not work. It was that me and other members of the Council did not believe that County taxpayers should be paying for that and I believe that until today. That program should be paid for by the industry. I think Matt brings up a good point. The resorts in the north shore are as successful as they are because of the Nā Pali Coast, Kēē Beach, and Hā‘ena. They are successful because they are on that side of the island that is beautiful, green, lush, and somewhat private. So they need to kick in and help. I am not sure why they do not have their own transportation vehicles to take their guests, who are paying six hundred dollars (\$600), seven hundred dollars (\$700), and eight hundred dollars (\$800) a night to Hanalei or to Kēē Beach. They want the County to do it? I am sorry. They should do it. Collectively, they should get the money and put it together. George, I think you hit it right where they add it to the resort fee or whatever fee they have. Just add one dollar (\$1) or two dollars (\$2) a night. My goodness. They can fund this program without any subsidy and that is what it should be. We often, on this body, get criticized, and we heard several of that today. People yell that, “You folks need to do this or do that.” That is a State park, State beach, State trail, and State everything. But because we are accessible because we are here every Wednesday, it is very simple to just say, “You folks,” but that needs to be directed to the State. We cannot afford to fund the State’s projects. They need to fund the State’s projects. The sidewalks...it is a dangerous place down there. Do you think our County taxpayers should pay for that? I do not. I think the State needs to pay for that. This is State money. Again, this is HTA money. This is not your income tax money or this is not your money that you get when you pay for your bread and milk at the store. This is transient accommodations tax. This is the TAT money that we are fighting about; this is part of that. It gets to the HTA and the HTA gives it to us, so you can almost say we have three hundred thousand dollars (\$300,000) more in TAT money, much less than what we should have got, but as Councilmember Kagawa said, we got a share, and it is going to be used for a project that...again, the only caveat for me is please do not expect the support of the County to fund this beyond the three (3) months. The industry is going to have to step it up, or the State. I do not believe our taxpayers should be the ones subsidizing this visitor industry, what I would call an “amenity,” because that is what it is. You are moving visitors and that is an amenity to any resort. Councilmember Kualii.

Councilmember Kualii: I just forget one further comment. I just wanted to say about the seventy-five thousand dollars (\$75,000) for the Hā'ena parking area repair and that the comments that were made in the testimony regarding handicap, I think that is very important, and that with the State as a supporting partner and the State being the landowner, and with the State's nearby parking lot—this parking lot is halfway between NTBG and the actual beach. The paved parking lot at the end of the highway, which is actually close to the bathroom, which I am sure has at least a couple of handicap stalls, that perhaps would be the more appropriate place to add additional handicap parking. So if the State determines according to their own requirements or the Americans with Disabilities Act (ADA) federal requirements that per every fifty (50) or one hundred (100) spots, you have to have one (1) or two (2) handicap spots, that it would not make sense to put it in this area where it is not paved or conducive and it is even further away, but maybe the State should put in additional handicap parking at the end of the road. So they have two (2) now and this lot would require two (2) more, then they should have a total of four (4) at the end of the road. The State should step up and address that issue because it is important. Thank you.

Council Chair Rapozo: Thank you. Any other discussion?

The motion to approve C 2016-144 was then put, and carried by a vote of 4:0:3 (*Councilmembers Chock, Hooser, and Yukimura were excused*).

Council Chair Rapozo: Let us go all the way through the Committee Reports, and then we will take our caption break.

C 2016-145 Communication (06/02/2016) from the Prosecuting Attorney, requesting Council approval to apply for, receive, and expend Federal funds, in the amount of \$34,116.00, from the Edward J. Byrne Memorial Justice Assistance Grant (JAG) Fiscal Year 2016 Local Solicitation Grant to be used towards funding one (1) full-time equivalent (FTE) Process Server for the Office of the Prosecuting Attorney (5.5 months), purchase office supplies, and allow Officers of the Kaua'i Police Department the ability to attend training sessions. The grant period commenced on October 1, 2015 and runs through September 30, 2019: Councilmember Kualii moved to approve C 2016-145, seconded by Councilmember Kaneshiro.

Council Chair Rapozo: Any discussion? Any public testimony?

The motion to approve C 2016-145 was then put, and carried by a vote of 4:0:3 (*Councilmembers Chock, Hooser, and Yukimura were excused*).

Council Chair Rapozo: At this time, we are going to take our caption break. Thank you.

There being no objections, the meeting recessed at 10:34 a.m.

The meeting reconvened at 10:46 a.m., and proceeded as follows:

Council Chair Rapozo: The meeting is called back to order. Can we have the next item, please?

CLAIMS:

C 2016-146 Communication (05/23/2016) from the County Clerk, transmitting a claim filed against the County of Kaua'i by Randall Miyashiro of Kalani Construction, Inc., for negligent processing of a building permit, pursuant to Section 23.06, Charter of the County of Kaua'i.

C 2016-147 Communication (05/31/2016) from the County Clerk, transmitting a claim filed against the County of Kaua'i by Shellie Redd, for damages to her vehicle, pursuant to Section 23.06, Charter of the County of Kaua'i.

Councilmember Kualii moved to refer C 2016-146 and C 2016-147 to the County Attorney's Office for disposition and/or report back to the Council, seconded by Councilmember Kaneshiro.

Council Chair Rapozo: Before I take the vote, I did read the claim, C 2016-146, and I have some concerns about what transpired, so I would ask that we could see to get a briefing in Executive Session at the next Council Meeting in July. I want to make sure that someone from the Buildings Division is here to explain some of the stuff that is being alleged.

The motion to refer C 2016-146 and C 2016-147 to the County Attorney's Office for disposition and/or report back to the Council was then put, and carried by a vote of 4:0:3 (*Councilmembers Chock, Hooser, and Yukimura were excused*).

Ms. Fountain-Tanigawa: The next item is on page 4, your Committee Reports.

COMMITTEE REPORTS:

PLANNING COMMITTEE:

A report (No. CR-PL 2016-06) submitted by the Planning Committee, recommending that the following be Approved on second and final reading:

"Bill No. 2601, Draft 1 – A BILL FOR AN ORDINANCE AMENDING SUBSECTION 8-15.1(d), KAUAI COUNTY CODE 1987, AS AMENDED, RELATING TO ADDITIONAL DWELLING UNIT ON OTHER THAN RESIDENTIALLY ZONED LOTS,"



Councilmember Kuali'i moved for approval of the report, seconded by Councilmember Kaneshiro, and carried by a vote of 4:0:3 (*Councilmembers Chock, Hooser, and Yukimura were excused*).

#### BUDGET & FINANCE COMMITTEE:

A report (No. CR-BF 2016-19) submitted by the Budget & Finance Committee, recommending that the following be Approved on second and final reading:

“Bill No. 2632 – A BILL FOR AN ORDINANCE TO AMEND ORDINANCE NO. B-2015-796, AS AMENDED, RELATING TO THE OPERATING BUDGET OF THE COUNTY OF KAUAI, STATE OF HAWAII, FOR THE FISCAL YEAR JULY 1, 2015 THROUGH JUNE 30, 2016, BY REVISING THE AMOUNTS ESTIMATED IN THE GENERAL FUND AND GOLF FUND (*Employees' Retirement System Excess Pension Cost - \$330,096*),”

Councilmember Kaneshiro moved for approval of the report, seconded by Councilmember Kuali'i, and carried by a vote of 4:0:3 (*Councilmembers Chock, Hooser, and Yukimura were excused*).

Ms. Fountain-Tanigawa: The next items are your Resolutions.

#### RESOLUTIONS:

Resolution No. 2016-42 – RESOLUTION PROPOSING A CHARTER AMENDMENT RELATING TO THE INSTITUTION OF A COUNCIL-MANAGER FORM OF GOVERNMENT: Councilmember Kaneshiro moved to receive Resolution No. 2016-42 for the record, seconded by Councilmember Kuali'i.

Council Chair Rapozo: Any discussion before I take public testimony? If not, I will suspend the rules. Was there anyone who signed up to speak on this?

Ms. Fountain-Tanigawa: Chair, we have one (1) registered speaker, Glenn Mickens.

Council Chair Rapozo: Mr. Mickens.

There being no objections, the rules were suspended to take public testimony.

Mr. Mickens: For the record, Glenn Mickens. You all have copies of my testimony and you can go along with it if you want. Over nine (9) months of examination, the Council considered proposing Resolution No. 2016-42, which contained a great bulk of the provisions required to submit a proposed charter amendment to the voters to create a council-manager form of government

for Kaua'i. Five (5) of the Councilmembers stated that they would be supporting the Resolution. The Councilmembers were advised that a request was being submitted to the State Attorney General for an opinion about an issue that had arisen, as he exempt status of the manager under Hawai'i's Civil Service laws. Unfortunately, the request asked the wrong question. The Civil Service Law provides that county department heads are exempt, but instead of inquiring whether the manager would be exempt as a department head, it asked if the office as such was exempt. When you ask the wrong question, you get the wrong answer. Well, the opinion confirmed that the County Auditor would be exempt because he was the head of a small department. It was silent about the manager, who would be in a virtually identical situation. I am informed that one (1) of the five (5) members who indicated support for the Resolution has defected and it appears that it will not have the necessary votes to go to the voters. It is a tragedy that our people could be deprived of the opportunity to decide whether a governmental system that has been successfully in use in about half of our nation's communities and is likely to reduce the inefficiencies and other problems that have tainted our present form of government is to exist on our island. The test for our Councilmembers in voting on the Resolution today should not be whether they personally favor the system it would create, but rather do they wish to deprive the people of the opportunity to decide how they wish to be governed. The voting today on the Resolution would be watched carefully so that it will be known for now and for November. Who will be a custodian of the people's democratic rights and who will not? Anyway, I know you cannot ask me questions on this, but you have all had a chance to review this. You have gone over it and you have been spending over ten (10) years on it and we were looking forward to...we did see the light at the end of the tunnel this time around and we really hope that we were going to see this thing get on the ballot; again, not for you people, but for the people to vote on, up or down. If they do not want it, that is their choice. But at least we want to give them the right able to be able to do this. Thank you, Council Chair Rapozo.

Council Chair Rapozo: Thank you. Anyone else registered to speak? That was it? Okay. Anyone else wishing to speak?

Mr. Rosa: For the record, Joe Rosa. I am for the council-manager form of government, basically, because of the accountability that you would have more of it. Coming to this table and hearing the, "Sorry. Oh, I will get it for you," and two (2) weeks later when the department know that they have to come here before this Council and give their testimony. It seems that some of them do not know their jobs because they do not do their job and they have to go back and find out from somebody else, "Hey, what do I have to do now?" I am pretty sure that the County Council here has an agenda and they pass it out to the department heads. Expect to have the information on this table by way of testimony from the department heads and the workers, and hear input from the public. There are a lot of times when they come up and Council Chair asks something and they say, "We will get it for you." They had two (2) weeks or so to do it. That is what is lacking in the County system right now. The old "buddy-buddy" comes in, gets a job, and a big, fat check, but yet when it comes time for the information to get done, it is not

being done. Who do you go to see and who do you blame? You have to blame the top cat, so that is where the action begins and that is where it ends. It is up to the top cat. If he has his “buddy-buddy,” he is not going to make any waves. After all, he supported him in the election and stuff like that there. It is getting to be that point—accountability. So until it is straightened out, I would like to see a change and we can always go back. If it does not work then you go back. The thing is in the management type of government, I would say that you had to be qualified for the job, for the position because you cannot be paying somebody that does do anything and know nothing. Thank you.

Council Chair Rapozo:

Anyone else? Mr. Taylor.

KEN TAYLOR: Chair and Members of the Council, my name is Ken Taylor. After looking at the report-back from the Attorney General’s Office, I realized that we may have moved forward with the resolution for this in an inadequate way and that we should be looking at changing the wording in the Resolution to a department of management, which would be similar to any of the other departments, which seem to be acceptable to the Attorney General’s Office. I think those issues need to be made and this issue pushed forward to the vote of the people. Let the people make the decision on how they want to be governed. The argument that some of you have made that there is nothing wrong with the present system, and yet, we have the continual problems before you on every agenda from the Department of Public Works, Solid Waste, low-income housing, and on and on it goes. It certainly is a huge contradiction. You obviously cannot keep saying that the system is working fine, and yet watch our island deteriorate more each day. To keep saying that all we have to do is elect better people to represent us is a myth. Since the mass of the problems we face today have accumulated over the years and new faces have not changed anything for the better. I lived and participated under a management style of government for thirty-five (35) years and saw it work, and work well; certainly a lot better than what I have seen with the current government structure here on the island. Over half the nation lives under this system of government with success, so its advantages certainly outweigh its disadvantages of those using it, otherwise those using it would go back to the strong mayor form of government. If this system brings in any measure of efficiency, accountability, or transparency to Kaua’i, it will be well-worth it. Since it is not etched in stone, we can always go back to the old system if that is what citizens want. I have no doubt that this form of government will save huge amounts of taxpayers’ money that will be used for better services and efficiency and will give us that activity. I urge you, the Councilmembers, to put this on the ballot and let the people decide. Thank you.

Council Chair Rapozo:

Thank you. Next.

Mr. Bernabe: Matt Bernabe, for the record. I would like to be really clear that I am not for a council-manager form of government; however, the policies that would make the council-manager form of government successful can be adopted into our current system. This is what I have been advocating for from the start. If whatever is going to make that county manager successful, he is

going to have to change the way we operate, instill an update to the Charter, if not, an entirely new Charter, and codes are going to have to retrofitted or completely replaced. With that said, we can take steps to get to that level of efficiency that he is claiming we need to have, which I agree. For example, if workers in the field recognize something that is either going to be a liability for us financially or both a liability and a safety issue and they communicate that up through the chain-of-command, but not only get nothing done about it, but get disciplined, right there is the problem. Let me tell you that since I have been public, that is what I have come across. I have learned that we have really good employees. Some of them have ethical standards that supersede the County. For example, our County Attorneys have ethics codes and our drivers have Commercial Driver's Licenses (CDLs). When they have to run at a federal standard, but they are getting problems because the County will not facilitate that, that is the solution. How do you fix that? Well, you go and look at some of these suggestions that the manager has and you implement them into our style of government, which has existed for how long? The problem is not the people. The problem is that we do not have policies that dictate, or whoever takes that position has to hire within a parameter. Instead, they have the prerogative. We have heard them come up and heard the Mayor say, "I have the prerogative and I know best." Well, I disagree. He does not know best, and evidenced by some of his department heads, not all. When you are making bike trails with no due process, that is not a good department head. When you folks are focused on ripping up good roads, and then asking us to supply money to fix the roads that you are ignoring, that is not good department heads. I can go to sanitation where a truck gets pulled over, overloaded. The CDL license...he knows that if he gets into an accident, he is liable and so is the County. Instead of putting a scale at the transfer station, they pick on the employee. That is not right. That is why we do not run well. We need to change that; not the system. Thank you.

Council Chair Rapozo:

Thank you. Next speaker.

Ms. Sparks: Norma Doctor Sparks. I have worked under the county system in Los Angeles and Santa Clara County when we had an executive, and as a department head it was much easier for me to understand what the priorities are for the county and to implement what was necessary to meet those priorities. What I am finding in Kaua'i is that sometimes the priorities between the Council and the Mayor do not sync or do not agree, and that makes for a very difficult movement forward. I think that if the Council were able to have a manager, who would then implement your priorities, it is much easier for the department heads and the staff to really meet those priorities. I am assuming, of course, that there will be all of those checks and balances about making sure that the people of Kaua'i agree with this Council in terms of the priorities. I think that having a manager who is able to help do that is probably, at this time, one of the best ways to meet some of our issues that we are now facing on Kaua'i. I am concerned about the idea that having this executive is not going to be political. I can tell you that my experiences in both of those counties, Santa Clara County, which is fourth in California, and Los Angeles, of course, which is almost as large as a third world country, that there was always politics. It was very difficult

sometimes because the executive themselves became very political. But the idea of setting priorities that are consistent with each other in order to move forward together is something that I would like to support. So I would like you to consider that the idea of having someone that you would be selecting under certain conditions, that we hope that if, in fact, it did pass, the Council will be very careful about who you select, and that the person you select will be the best person for the job and who will be the best person to move forward the priorities of this island. Thank you.

Council Chair Rapozo:

Ms. Parker.

Ms. Parker: Alice Parker. I believe that a council-manager form of government would be preferable because a county manager would be hired not on popularity, but on the basis of experience and education in handling governmental functions. I think Mr. Taylor brought up a good point that a department is not subject to civil service, whereas an individual would be. So that snag could be overcome by instead naming it a "Department of County Manager." I hope that this is on the ballot and that people will have a chance to choose. Thank you.

Council Chair Rapozo:

Mr. Sykos.

Mr. Sykos: For the record, Lonnie Sykos. Good morning, Council. I, myself, am not a proponent of hiring a manager; however, I am also not opposed to doing it. At this point, I am neutral, still studying it, and I am waiting to see what, if anything, comes out of the Council here in regards to the charter amendment. I would offer that our current checks and balances are not working and that is quite evident in most of our meetings as we find ourselves in these problems that often times most resemble a "dog chasing its tail." Our current Department of Human Resources (HR) practices have created a lot of our problems. There is, according to public testimony, this year from the Administration, we do not have written guidelines or policies for our personnel and our managers and we do not have any ability to enforce our policies and our guidelines because nothing is written down, so adopting national standards and best practices for the operation of small governments appears that it is not a high priority because we continually fail to do it. When we have the opportunity to address the failures within our system, we continually kick the can down the road. So if the manager would cause the can to quit being kicked, I would support a manager. However, I do agree with Mr. Bernabe that all of the solutions are possible within our existing system; it is simply whether or not the Council, the Administration, and the public have the political will to change things. I look forward to seeing what the County Council produces in regards to a charter amendment for a manager and I encourage you to continue to move forward with that and leave it up to the public to decide whether or not we are either happy with the existing system; unhappy, but believe the existing system can be changed; or if we want to change the system and have a manager. Thank you.

Council Chair Rapozo: Thank you. Anyone else? Do you want to speak again? Okay, the rules are still suspended.

Mr. Mickens: For the record, Glenn Mickens. What Matt has pointed out ironically is exactly right. He has pointed out the problems that we keep on continually having and we have gone on for this way before I was here, thirty (30), forty (40), fifty (50) years, or whatever. The system has been the same. Something is wrong with the system to keep accumulating all of these things that are wrong, the way we are going at this stage of the game. The only solution that we have is with this council-manager form of government. I am sure there are none of you folks at the table...I respect Councilmember Kagawa and Councilmember Kaneshiro and any who differ with what we are saying, but I am sure you will not disagree that if the Mayor was sitting here on this Council that there would not be finger-pointing going on. You disagree with him and he cannot disagree with the Administration because he is the Administration. You folks all give your problems to the county manager. The county manager in turn will be entitled to do his job the most efficient, cost effective way possible. If he does not, you can fire him and get somebody new. The Mayor, as the way it is structured now, will sit here for four (4) years—whoever the Mayor happens to be, and I am not saying just Bernard, but any Mayor would sit here for four (4) years. He could be recalled, yes, but that has never happened. The only way you have of changing the system is not incorporating anything that changes the system the way it is. You are going to have to change completely. Again, when you are offered the system that, “Hey, you do not have to reinvent the wheel.” It is already there. It is a proven, successful system. Maybe not one hundred percent (100%)—there is nothing one hundred percent (100%) that you are going to do to change the system, but the system is there with proof of what is happening and why they have it the way it is. Anyway, I just implore you folks to think hard about this. Just like Ken said, “Give the people the right to go ahead and vote on it, one way or the other.” Thank you.

Council Chair Rapozo: Thank you. Anyone else? If not, I will call the meeting back to order. Any discussion? Councilmember Kagawa.

There being no further testimony, the meeting was called back to order, and proceeded as follows:

Councilmember Kagawa: It is interesting that Lonnie talked about kicking the can down the road. We just had this whole six (6) months of General Excise Tax (GET) discussion and some of the comments we heard was, “Well, if we do not adopt the general excise tax increase, then we are going to be kicking the can down the road.” Would you not say that with a one hundred million dollar (\$100,000,000) backlog in roads and a one hundred million dollar (\$100,000,000) backlog in bridges that somebody was kicking the can down the road for a very long time? It is a number of years of failures that is what happened. It is sad to say, but a lot of the problems, I think, came from similar mayors succeeding each other and what you had was that some of the department heads became civil servants under the Engineering Division. So it was the same people managing the kicking of the

can down the road. With the same managers now, you cannot fire them, and they want to ask us for more money because they are no longer going to kick the can down the road? So there is a system here...I think what we need...I think there is a better solution. It kind of goes into what Matt talked about. I think what we need is we need a mayor with the ability to instantly fire managers, whether they are civil servant managers or not. If they are EM-7s or EM-5s, they are receiving executive-level pay. If they are not doing their jobs, we should develop a system with HR where we can fire them, because they are the ones that are not doing...the Mayor is not an engineer, an attorney, or a Certified Public Accountant (CPA). He relies on his management and if his management is the same people from fifteen (15) years ago that are continuing to cause problems—I mean we are kicking the can down the road in road repairs when we had seventy million dollar (\$70,000,000) surpluses. What is that excuse of why you cannot pave road and fix bridges that are falling, spalling, crumbling, and lifting up, so you have to reduce the weight of vehicles now traveling on bridges? What is that reason? I am getting intense, but it is pretty bad that we sit here, and then solution now is, “Well, let us go with a county manager.” I disagree, but I agree with Glenn folks most of the time, probably ninety-nine percent (99%) of the time, but the closest thing I can look to a county manager and try to compare what it would be like is if I look at the Honolulu rail. We hired Dan Grabauskas, who did the Massachusetts rail project and it is the one of the most successful rail projects ever developed in the United States. It met budgets and was done in a timely manner and he got hired to do the Honolulu rail at a whopping two million dollars (\$2,000,000). He is the highest paid State employee by far, and look at that project. He was not “Superman,” obviously, and if we are looking for “Superman” to come here and everybody instead of complaining between the Administration and the Mayor, we are going to be hugging and everything is going to get better—you look at the Honolulu rail—did he turn out to be “Superman” and everybody is hugging, shaking hands, praising what the manager did with all the accolades now? I am a little wary that if we put something like this on a ballot and we rely on one (1) person to correct all of the years of kicking cans down the road, I do not think he is going to stop it. I think we need a systematic change on a larger scope. I think that is what this Council should actually work on, is a systematic change that can move us forward and empower the Mayor to be more accountable and to have the ability to get rid of management that are not cutting it. It is the taxpayers’ money and we deserve good decisions. We do not deserve decisions that are not making sense for the taxpayers. You cannot have more money...like the fifty million dollars (\$50,000,000) over the past three (3) years...more money...we say, “Well, negotiated salary increase, six million dollars (\$6,000,000),” but where is the nine million dollars (\$9,000,000) more of increase assets to the County? Zero (0). Zero (0) plus zero (0) is zero (0). Zero (0) times zero (0) is zero (0).

Council Chair Rapozo:

Thank you. Councilmember Kaneshiro.

Councilmember Kaneshiro: I have not and will not support this Resolution. I have given my numerous reasons in the past meetings and I am not going continue to repeat myself. I think I did it in past two (2) meetings and

probably took almost my whole five (5) minutes, so if anybody wants to see my reasons, they can go back and look at the minutes. Given that, I will say that if the citizens want this or the opportunity to vote on it, then they can. They can initiate it with a charter amendment petition with signatures. Five percent (5%) of the registered voters on Kaua'i can initiate this; forty thousand (40,000) voters and two thousand (2,000) signatures. That is how the citizens can get their opportunity to vote on this. It does not need to be us. If the citizens want it, they can sign the paper and do it. It will still need to pass all of the legal tests. I hear a lot about, "We are not providing the opportunity," but the opportunity is there if people are willing to work towards getting the signatures. Other than that, we do not try to fix things by throwing away the entire system and introducing a completely new one, expecting it to be our solve-all. It will not be perfect, so identify what you want fixed with our current system and work towards resolving that. I think that is what has been the resounding thing that everybody has been saying. We have problems. Well, let us identify them and let us try to fix that, rather than dump our system in the trash, bring up a new one, and expect it to be our "golden ticket," our "solve-all" with no problems. That is all I have to say. Thanks.

Council Chair Rapozo:

Councilmember Kualii.

Councilmember Kualii: For starters, I would just ditto the comments of both Vice Chair Kagawa and Councilmember Kaneshiro. I am not confident or comfortable that this is the way to move forward or that now is the time. Proponents still have hurdles to overcome, the latest coming from our County Attorney and the Attorney General, determining that a county manager position is not exempt from civil service and that it would first take statutory amendments to Hawai'i Revised Statutes (HRS) Chapter 76. Therefore, until the state law is changed to exempt this new position from civil service, a charter amendment proposal that is not in conflict with state law is not possible. I cannot support a charter amendment proposal that in addition to being illegal, that could be possibly based on other than International City/County Management Association (ICMA) best practices, which call for staggered four-year council terms. Proponents have called four-year staggered terms "a poison pill" and made statements like "shocked to see terms in here. It is corruption," and also, "it would probably ensure the amendment is defeated." Finally, I have been hearing from many, many constituents that they do not want to see such a wholesale change to the structure of our county government. They still want the ability to elect a mayor and they want the separation of powers between the administrative and legislative branches of our county government to continue. Thank you.

Council Chair Rapozo: Thank you. This started a long time ago, months and months ago, probably close to one (1) year ago, and my commitment to the Council and to the public was that we were going to give this Resolution or this possible restructuring of government a fair shot and that is what I believe we did. I read some testimony about how the workshops were...I cannot remember the exact terms, but basically were horrible and not done right. It is amazing that through all of the years I have been on this Council, this issue, we really did things



differently. I thank the Members of the Council to allow that to happen, but part of that...that is the first time I can ever remember when we had a workshop with an open dialogue with the public and no time limits, open season, say what you want and ask what you want, come up when you want, and yet I was criticized for not doing that properly. Then we set up a committee made up of one (1) member that at that time was not in favor of any of this change, one (1) member that was, and one (1) member that had no position. How much better a committee could you have formed? The three (3) members did a lot of work and they came to this body, not with a recommendation, but with facts and data. A lot of effort was put into working with the ICMA, and the ICMA came out with some best practices and yet some of those criticisms was, "Well, that best practice is good, but this one is not." I told the members with something like this, when you are going to change into a restructure and you want to rely on best practices, then you rely on all best practices. You cannot say, "Well, I do not like that one, so that is not right." Then the criticism came like this was some underhanded move for me and not these two (2) because they did not support it, but Councilmember Kuali'i and maybe anyone else that was entertaining the discussion that this was a way to undermine and extend our terms. Councilmember Yukimura and I potentially have one (1) more term on this Council, so we were going to go through this whole restructuring of government so we could have a reset on our term limit. That is the criticism that I am telling you folks that we received in E-mail. I guess what I am trying to say is that you cannot make everybody happy all of the time. That is what I am trying to say. I believe we gave this effort a very fair run, much more fair and unbiased than the last run through the Charter Review Commission years ago. This was, I believe, an exercise that was never done before, and I think at the end of the day it relies to what happens around this table. Every one of us has different constituents and every one of us have different circles of relationships and influence. All of that deserves to be heard on this table. Because it is not what you want, it does not make the Councilmember a bad person. It is just what this democratic process is. You get this side, this side, and this side. As you all know, for this charter amendment resolution to pass, you need five (5) votes and that is a very intentional requirement because they do not want charters to be changed or amendments to be proposed very simply. The Charter is a big part of our government. It is our constitution. So to change it, it was set up that way to require a supermajority to even get it on the ballot. As you can see today, we do not have five (5) votes, so it is not going to pass. The reality is...I do not know if Peter is in here, but I was hoping...Peter, you are here. I wanted to recognize Peter, who is going to be leaving us shortly and has taken another opportunity, but Peter found the civil service clause or the fact that this position could not be exempt. It was Peter Morimoto, not the County Attorney. It was not any of the Councilmembers. It was Peter Morimoto trying to finalize this product for us and he came across the HRS. My question to myself was, "Are there any other HRS statutes that we may have missed?" That one, I had never even thought of and it surfaced in the eleventh hour. What happens if we pass this and it goes on the ballot and gets approved? I am going to take just an extra ten (10) seconds because I am claiming disability, that if we had passed a resolution that was seriously flawed and violated the state law, are we ready and willing to endure that legal challenge? Anyway, that is all I

am going to say because I ran out of time and I want to respect that. Any more discussion before I take the vote? The motion on the floor is to receive. Roll call.

The motion to receive Resolution No. 2016-42 for the record, was then put, and carried by the following vote:

|                       |                                   |            |
|-----------------------|-----------------------------------|------------|
| FOR RECEIPT:          | Kagawa, Kaneshiro, Kualii, Rapozo | TOTAL – 4, |
| AGAINST RECEIPT:      | None                              | TOTAL – 0, |
| EXCUSED & NOT VOTING: | Chock, Hooser, Yukimura           | TOTAL – 3, |
| RECUSED & NOT VOTING: | None                              | TOTAL – 0. |

Council Chair Rapozo: Next item, please.

Resolution No. 2016-48 – RESOLUTION PROPOSING A CHARTER AMENDMENT TO ESTABLISH A COUNTY ROADS RESURFACING / RECONSTRUCTION BACKLOG FUND

Council Chair Rapozo: Councilmember Kualii, do you want to make the motion so that we can discuss this?

Councilmember Kualii: I also have an amendment.

Council Chair Rapozo: Yes, but we need to get it on the floor first.

Councilmember Kualii moved for adoption of Resolution No. 2016-48, seconded by Councilmember Kagawa.

Council Chair Rapozo: You can introduce your amendment, and then we can have the discussion.

Councilmember Kualii moved to amend Resolution No. 2016-48 as circulated, and as shown in the Floor Amendment, which is attached hereto as Attachment 1, seconded by Councilmember Kagawa.

Councilmember Kualii: The amendment just puts back in a couple of process items, restrictions that on any given time, no more than one percent (1%) of this fund shall be used for administrative expenses and that any moneys remaining in the County Roads Resurfacing / Reconstruction Backlog Fund at the expiration of the twenty-year period shall be transferred and deposited into the General Fund. Number four, “The Council, shall by ordinance, establish procedures for the Administration and priorities for the expenditure of moneys in this fund.”

Council Chair Rapozo: Councilmember Kualii, did you want to explain further?

Councilmember Kualii: The overall motion is primarily during our discussions prior on the GET and on the budget and looking for ways to fund the

backlog of our roads resurfacing and reconstruction, I had the idea that we should allow the voters to commit the Administration and the Council to allocate “x” amount of dollars from the Real Property Tax pool of revenue and the transient accommodations tax pool of revenue, and that the figures I came up with was one million dollars (\$1,000,000) from each. This, in essence, is my way of letting the voters dictate to us, as County leaders and administrators, to take care of this backlog, possibly without instituting any kind of new tax like the general excise tax, which was proposed and did not pass. There were often discussions of “if you do not do the GET, then what are you going to do,” and that during the budget process, “you only came up with one million dollars (\$1,000,000) worth of cuts or eight hundred thousand dollars (\$800,000),” or whatever that was. I saw this as a way, and whether the voters have the opportunity to vote on this or this Council was to do it by ordinance, I see this as something that we can do. We currently have, as you know, an Open Space Fund that at the beginning of each budget year, automatically puts aside funding for that purpose, which obligates us and the Administration to work around that in the budget. Initially, I know that the backlog we are talking about eight million dollars (\$8,000,000) to ten million dollars (\$10,000,000) and initially I thought about four million dollars (\$4,000,000) from each fund, but the feedback from the Department of Finance was that it was too drastic and that it would just “whack” the budget and make it impossible to accommodate without “suffering,” if you will, for a lack of a better word. Therefore, I reduced it and the proposal before you is one million dollars (\$1,000,000) from each. It is not enough to address the backlog, but it is a start and it is something in addition to the Highway Fund that we currently have with vehicle weight and fuel taxes. I just feel that we have to do something and this merely, as a charter amendment proposal, would be giving the voters a right to vote on that. Because as it is, the voters do not have a right to vote on any kind of tax, such as whether they would like to see any taxes put in place or increased. That is it.

Council Chair Rapozo:

Councilmember Kagawa.

Councilmember Kagawa: I would like to see if Councilmember Kualii would be open to supporting an amendment that would include some type of language specifying that these moneys would be to pave/repave existing roads and not create bike lanes, walking paths, and planters with trees. So I am wondering if that type of amendment...if we had that kind of language that would specify “road repairs” because I think we are giving enough attention as-is to all of the multimodal...I mean every project that has been done in the past two (2) years or three (3) years has been all multimodal where we are actually reducing the amount of lanes. For some of them, we are not even paving the roads; we are just adding planters, bike paths, and walking paths. Road resurfacing in the Department of Public Works’ eyes has really become bike and pedestrian improvements. If we want to put a charter amendment saying “road resurfacing,” I want the public to have the choice to vote on whether we are going to be improving roads for cars because there are a lot of roads that have grass in them, roots, and potholes. I think the public is more concerned about that. I am not hearing as much

complaints about bikes and walking paths. Again, I am just wondering if you would be open to putting that type of amendment.

Councilmember Kualii: Yes, that was the intent. If you believe further clarification is needed, I would not be opposed to that. The language at the bottom of number one, the very last sentence, says, "The moneys in this fund shall be utilized to address resurfacing, repairs, or reconstruction of county roads." So that was my intent to address the backlog and to not necessarily add all of the "bells and whistles," but to make sure that the roads were operable and kept up.

Councilmember Kagawa: Thank you. With this language, I believe that the Department of Public Works would be able to focus on "bells and whistles" as they please. It seems to me that their priority is only "bells and whistles." So I want to take out every single avenue to put "bells and whistles" because that one hundred percent (100%) has been our focus the past three (3) years and I do not get it.

Councilmember Kualii: I think we have to talk to the Department of Public Works, but I think those are some standard terms as far as resurfacing, repairs, or reconstruction of county roads. You could add another sentence that states what the intent is or something along those lines.

Councilmember Kagawa: Thank you. I will be supporting this.

Council Chair Rapozo: In number four it says, "The Council shall by ordinance establish procedures for the administration and priorities for the expenditure of moneys," so it appears that the Council would have to enact an ordinance. This just generates the revenues. The only question I have, Councilmember Kualii, was there a reason why you went with a flat amount versus a percentage, like we do with Open Space? I like the idea.

Councilmember Kualii: It is a minimum, so each year the County could, like the Open Space, vote to increase beyond that. This is giving the voters the right to establish that minimum.

Council Chair Rapozo: I am more concerned that if, in fact, we hit a recession, a downturn...

Councilmember Kualii: That is what number four is in place for, because then each year during the budget or in reaction to such a drastic disaster or anything, that the Council still has the authority, that we would not have to go back to the voters, as far as the specifics of implementation and recognizing that it is the fiduciary, budgetary responsibility of the Council.

Council Chair Rapozo: But we would not be able to lower the amount. So let us say next session that the Legislature, in their generous hearts, decided to put it back to ninety million dollars (\$90,000,000) and we would lose

thirteen million dollars (\$13,000,000), we would not be able to go below the one million dollars (\$1,000,000), so I am suggesting that we figure out what a fair percentage would be. That way, it is in proportion to what is being collected because we could get really hurt if Real Property Tax revenues should decrease or TAT should decrease. By this charter amendment, we will be forced to divert the one million dollars (\$1,000,000) from each account. I am just suggesting that we look at a percentage.

Councilmember Kualii: I think we could. I have no opposition to a percentage instead of a dollar amount.

Council Chair Rapozo: I do not know what that percentage would be. What is the Open Space? Ken, are you available? Are you prepared to answer those questions? I do not want to bring you up if you are not. One-half percent (0.5%)? Minimum? What does the minimum generate? Scott? Five hundred thousand dollars (\$500,000)?

Councilmember Kualii: One-half percent (0.5%) of what?

Council Chair Rapozo: Ken, can you come up?

There being no objections, the rules were suspended.

KEN M. SHIMONISHI, Director of Finance: Hello Councilmembers. Ken Shimonishi, Director of Finance. The Open Space is currently set at a minimum of one-half percent (0.5%) of Real Property Tax revenues, which generates approximately a little over five hundred thousand dollars (\$500,000), according to the most recent budget ordinance.

Council Chair Rapozo: So that is one-half percent (0.5%)?

Mr. Shimonishi: Correct.

Council Chair Rapozo: So one percent (1%) with today's Real Property Tax revenues, you are looking at about one million dollars (\$1,000,000)?

Mr. Shimonishi: Correct.

Council Chair Rapozo: Then the TAT, we get...what is it?

Mr. Shimonishi: Right now, it is set around fourteen million nine hundred thousand dollars (\$14,900,000).

Council Chair Rapozo: So let us just say fifteen million dollars (\$15,000,000) and you wanted to extract one million dollars (\$1,000,000) out of that...come on, Mr. Finance Director.

Mr. Shimonishi: Ten percent (10%) will give you one million five hundred thousand dollars (\$1,500,000).

Council Chair Rapozo: Okay. If we go one (1) divided by fifteen (15), it equals six percent (6%). So you might want to do a one percent (1%) and a one-half percent (0.5%). One percent (1%) of Real Property Tax and one-half percent (0.5%) of TAT. If you wanted to go with six percent (6%) in today's allocation. But we are talking about minimums, right? So the Council, at any time during the budget, can determine whatever they want. Just through the budget ordinance, we could put two million dollars (\$2,000,000) from the TAT. We could put whatever we wanted, of course that would come with a quick veto from the Mayor. That is the nice thing about the Charter, that those minimums are protected. I am going to support this. I just would much rather see a percentage versus a flat number. Can we recess this and work on the amendment using the one percent (1%) and six percent (6%)? One percent (1%) of the Real Property Taxes and point six percent (0.6%)...

Councilmember Kualii: Are you sure it is point six percent (0.6%)? Six point seven percent (6.7%).

Council Chair Rapozo: Okay, six point seven percent (6.7%). Just go six percent (6%). Is that okay with you, Councilmember Kualii?

Councilmember Kualii: That is fine.

Council Chair Rapozo: Okay. I think this shows that the Council's commitment to getting this thing done without raising taxes. Obviously, let us move on to the Bills for Second Reading. We are going to come back. Once the amendment is on the floor, we will open up for public testimony.

There being no objections, the meeting was called back to order, and proceeded as follows:

Ms. Fountain-Tanigawa: Chair we are on page 4.

#### BILLS FOR SECOND READING:

Bill No. 2601, Draft 1 – A BILL FOR AN ORDINANCE AMENDING SUBSECTION 8-15.1(d), KAUAI COUNTY CODE 1987, AS AMENDED, RELATING TO ADDITIONAL DWELLING UNIT ON OTHER THAN RESIDENTIALLY ZONED LOTS: Councilmember Kualii moved for adoption of Bill No. 2601, Draft 1, on second and final reading, and that it be transmitted to the Mayor for his approval, seconded by Councilmember Kaneshiro.

Council Chair Rapozo: Any discussion? Any public testimony?  
Mr. Hart.

There being no objections, the rules were suspended to take public testimony:

BRUCE HART: For the record, Bruce Hart. Unfortunately, I did not get in on much of the discussion with regards to this Bill. Speaking generally, I have lived here for a long time and I understand the need for housing. In general, I am not for an increased density. There is a reason; it is a short-term solution. I do not know all the particulars as to why we have not had any new subdivisions go in on Kaua'i in so many years, but I think that those issues need to be addressed and we need to have real, true subdivisions. If you increase density, it is going to be potentially forever. As long as that neighborhood exists, that increased density is going to exist. Not speaking just for myself, I do not own a home, but there are a lot people who moved into these areas with the density as what it was when they moved in and they do not want the density increased. It really racks up the stress level in certain areas. Again, I am kind of at odds. I know we need more housing, but I think that there are other ways to do it. Thank you.

Council Chair Rapozo: Thank you. Anyone else? Ms. Parker.

Ms. Parker: Alice Parker, again. I am reading "Bill For An Ordinance Amending Subsection 8-15.1(d), Kaua'i County Code 1987, As Amended, Relating To Additional Dwelling Unit On Other Than Residentially Zoned Lots." I am curious about what those "Other Than Residentially Zoned Lots" are. Is that Agricultural? Is it Commercial? I am totally unclear.

Council Chair Rapozo: Thank you. That would apply to the Agricultural lots. Mr. Sykos.

Mr. Sykos: For the record, Lonnie Sykos. To be honest, I tried to follow this, but the difficulty of finding the changes in the language on the County's site makes these issues very difficult for the public to follow the details of. However, I am opposed to using agricultural space and open space lands to replace subdivisions. I was a farmer and I would point out that in today's economy, if you are farming and you are not grossing several hundreds and thousands of dollars, one struggles to see an economic argument that you need housing for your farm workers because you are not generating enough money to pay a farm worker. So you do have somebody living on property and they might be a part-time employee, but you are just primarily providing more housing. I would ask the Council to consider what are the unintended consequences of increasing density? Yes, we have both a short-term and long-term problem with housing, but finding short-term solutions that create longer-term problems is not a good solution. When you allow housing to be built on agricultural land, you encourage agricultural lands' value to be further removed from its agricultural value and becomes its current value, which is what is it worth building houses on it? If you go out and try and get insurance or try and buy a piece of property, if you try and buy a piece of agricultural land, you cannot get a loan. The only way you can get a loan is to build a house on the agricultural land. The appraiser comes out and tells you the best use of this

agriculturally zoned property is to build a house on it. So you have these systemic problems that this is not going to provide a solution for it. If you are trying to protect agricultural lands, this is not the way to go. Thank you.

Council Chair Rapozo: Mr. Bernabe.

Mr. Bernabe: Matthew Bernabe, for the record. I thought I was following this issue. I would like to ask a clarification question—these agricultural lots that we are talking about, these were the grandfathered in that were not able to meet the deadline to put the homes on and we gave them an extension and another extension, and now this is an extension that we are giving them without a time limit. Is that what I am led to believe?

Council Chair Rapozo: Yes.

Mr. Bernabe: Okay, then I am on the right topic. Thank you.

Council Chair Rapozo: Anyone else? If not, I will call the meeting back to order. Further discussion. Councilmember Kagawa.

There being no further testimony, the meeting was called back to order, and proceeded as follows:

Councilmember Kagawa: Thank you, Chair. Pushing back of the dates started back from over ten (10) years ago, and over ten (10) years ago, they did it just to give these agricultural owners, who a lot of them were local at the time, a little bit more time to build. This was back when the cost of building were not even close to what it is now. I feel kind of compelled, especially like when Patty Lyons comes with her nephews and they are like ten (10) to twelve (12) years old, and she is thinking where they are going to live? When I look at young children today, I do not know what is in store for them. I knew when I was young that I would have a house and I would make certain that I could do it, but when you look at our children with the costs everywhere...unless we start systematically planning for the future with our Planning Department and trying to address that issue, I do not know where they are going to live. But at least for some of these people like Patty, we have secured a plan for them now. That will be two (2) less that we have to worry about. I think anytime we can and the infrastructure is there and Planning already vetted those permits way back when...it must have been in the 70s when they approved those. But the infrastructure is there and everything is there...I see it as an easier decision, so that is why I will be supporting it. I realize that sometimes we have to watch when we allow a number of them, some of them probably sold to rich who already have a nice house, that will allow an Additional Dwelling Unit (ADU) there. Is that what I want out of the Bill? No, but when you do legislation, sometimes it is difficult to pull things out. Unfortunately, sometimes we have to take the good with the bad. I hear your concerns, Lonnie. There are negative



effects in some cases, but sometimes we have to take the good with the bad and I think this has a lot of good in it. Thank you.

Councilmember Kaneshiro: I will be supporting this. I am comfortable with it for the fact that there is a finite amount of people who have this opportunity. I cannot remember when they had this opportunity. I think it was like Councilmember Kagawa said, in the '70s or '80s. From then, the amount has been set and it has been dwindling as people have been able to build or use the permits. Again, we are in a housing crisis. Sometimes we do need to loosen the reins and this is an opportunity to kind of loosen the reins. Of course, we cannot prevent speculative buyers, but I think the majority of these people are going to use it for their families. For me, we have to weigh the pros and cons, and ultimately we make a decision. For me, I think the pros outweigh the cons. We have many families that will benefit from it and I think they will be a lot less stressed. They can plan and they can know that...they even admitted that they are not going anywhere. They want this for their kids, but their kids are young or not ready to build yet. I think by just getting rid of the date, we are not opening floodgates for a whole bunch of people to do this. There is a finite amount of people and I think it will the residents the opportunity to maybe take a sigh of relief and have the kids think about, "Hey, I do have this house lot. How am I going to be able to build a house or pay for it?" Again, it is providing an additional house that we will not need to provide elsewhere on the island. I think that is the ultimate big picture, which is providing an additional house. Again, the limit is set. The amount is finite already. It is not opening a floodgate, so I will be supporting this.

Council Chair Rapozo: Thank you. Councilmember Kuali'i.

Councilmember Kuali'i: I, too, will support this. I will just add that as a Council and in Committee last week, we had a lot of really good deliberations and we have heard full support from Planning and we heard a lot of positive testimony in support from longtime families that are affected. I believe it passed out of the Committee last week unanimously, so I will support this today.

Council Chair Rapozo: Thank you. I think it is very important to note that, like Councilmember Kaneshiro said, this is a finite number, that in fact these were the remnants of the old *'ohana* dwelling on agricultural land where families were allowed to build ADUs or *'ohana* units for their family. Unfortunately over the years, the economy went bad and people just could not afford to build, so this ordinance was created. I just wanted to read the eligibility parameters so that it is very clear that the only entitled units that would be covered by this ordinance are lots that were eligible to apply for this ADU prior...they had to have been eligible before December 2006. So anything after 2006 is not eligible for that ADU. These are only that group and I do not know what the number is now. I think it is probably maybe two hundred (200) or so, and that they have had to have had basically their approvals and clearance forms certified by Planning by 2007. Then they had until...I guess the last amendment took it to 2024, I believe, where they had to build and this just takes away that deadline. Also, the other thing in here

that I support is that you cannot use this to create a guesthouse. It has to be an additional dwelling unit and not a guesthouse. Then the new building will be basically subject to new assessments. So if you are going to convert it or build it and create an affordable housing unit for a family member, obviously you get some tax breaks if you choose to rent it out market, and you pay the appropriate tax bracket as well. I think it is a “win-win” for everybody. We do need the housing and hopefully this will help some people get some structures put up. With that, roll call.

The motion for adoption of Bill No. 2601, Draft 1, on second and final reading, and that it be transmitted to the Mayor for his approval was then put, and carried by the following vote:

|                       |                                   |            |
|-----------------------|-----------------------------------|------------|
| FOR ADOPTION:         | Kagawa, Kaneshiro, Kualii, Rapozo | TOTAL – 4, |
| AGAINST ADOPTION:     | None                              | TOTAL – 0, |
| EXCUSED & NOT VOTING: | Chock, Hooser, Yukimura           | TOTAL – 3, |
| RECUSED & NOT VOTING: | None                              | TOTAL – 0. |

Bill No. 2632 – A BILL FOR AN ORDINANCE TO AMEND ORDINANCE NO. B-2015-796, AS AMENDED, RELATING TO THE OPERATING BUDGET OF THE COUNTY OF KAUAI, STATE OF HAWAII, FOR THE FISCAL YEAR JULY 1, 2015 THROUGH JUNE 30, 2016, BY REVISING THE AMOUNTS ESTIMATED IN THE GENERAL FUND AND GOLF FUND (*Employees’ Retirement System Excess Pension Cost - \$330,096*): Councilmember Kagawa moved for adoption of Bill No. 2632 on second and final reading, and that it be transmitted to the Mayor for his approval, seconded by Councilmember Kualii.

Council Chair Rapozo: Any discussion or public testimony?

Councilmember Kagawa: I have a question for Ken.

Council Chair Rapozo: Okay, I will suspend the rules. Ken, can you come up?

Councilmember Kagawa: How much of this amount is for the Fire retirement that was more than we had thought, approximately? How much was the Golf? There is a split, right?

There being no objections, the rules were suspended.

Mr. Shimonishi: I believe there was about three hundred thousand dollars (\$300,000) on Fire and almost thirty thousand dollars (\$30,000) on Golf...twenty-seven thousand dollars (\$27,000) or somewhere around there.

Councilmember Kagawa: When did the Fire Department notify you that they foresaw that they had that amount and that they would not be able to use

leftover existing funds in their budget to cover any portion of these three hundred thousand dollars (\$300,000)?

Mr. Shimonishi: So we received the invoice from the Economic Research Service (ERS) in the beginning part of March. We sent that out to the departments, kind of giving them a heads up that this is something that is coming out. Then at that point, I believe shortly after, we got our response from Fire where they did not see that they would be able to cover that portion of their ERS.

Councilmember Kagawa: So they were not able to just come up with even ten thousand dollars (\$10,000), just zero (0)?

Mr. Shimonishi: Well, I think they will probably have some that they could cover. Exactly how much, I do not have that, but I am relying on Fire, as well as their fiscal person to make that determination.

Councilmember Kagawa: I guess because I think every department showed a lapse last year and we are only what...so right now...today is June 15<sup>th</sup>, we have until the 30<sup>th</sup> and I am just wondering if they did all they could to make sure that they stayed within their budget to cover their costs. It is their costs. It came out higher, but it is still the Fire Department's costs. I understand that actuaries are sometimes different, but it would be nice if every department can, even if it is unforeseen, try to take care of as much of the bill that relates to their employees and their budget as much as possible. The answer is that they could not cover any of the three hundred thousand dollars (\$300,000) that they foresaw.

Mr. Shimonishi: Again, yes, they have asked for it to be covered through the money bill.

Councilmember Kagawa: Okay.

Council Chair Rapozo: I guess just a real quick follow-up, does the Fire Department and the Department of Parks and Recreation have available funds in their existing budgets to cover this, that they could do an internal transfer versus taking from the...

Mr. Shimonishi: I think on the parks, because it is just the golf portion of it, that might be a little more difficult. Again, the other departments, we did the Department of Public Works and the Police Department and we were able to come up with their funding to cover their portions of it.

Council Chair Rapozo: I guess what I am trying to say is in the Fire Department's budget, as we are approaching the end of the fiscal year in a couple of weeks, we do not anticipate any...

Mr. Shimonishi: We could go back and look at it again and press them on it.

Council Chair Rapozo: Yes, I think you should.

Mr. Shimonishi: But at the time when we got the bill and what they were looking at in those accounts, I think they were definitely short of being able to fund that amount.

Council Chair Rapozo: I had this discussion with Councilmember Kagawa, I guess it was just yesterday, about the frustration that as we get close to the end of the year, all of a sudden we get all of these requests for taking money out of the unfunded, what I call the "reserve" or "surplus." I was telling Councilmember Kagawa that we have to make sure that these departments are taking all of the money that they have out of their budgets. Not to bring it up, but I will, and this is the spreadsheet that we get for all of the transfers from the Administration and all of the departments. This is not even accurate because I just saw a couple more today in an E-mail, but this is just up until June 13<sup>th</sup> and there is a total of seven million five hundred thousand dollars (\$7,500,000) of transfers between funds. A lot of it is...I am going to go through it much more closely, but what this tells me is that we had accounts...we had seven million five hundred thousand dollars (\$7,500,000) in accounts that were not needed that we could move. Is that an accurate assessment?

Mr. Shimonishi: I am not sure that I would say it is not needed. I think they are moving moneys in order to continue the operations to the end of the fiscal year. Maybe the budgets were not perfectly aligned to their operations as they get towards the end of the year, so they are trying to readjust those dollars, in order to make purchases or what have you. The other way to look at it also could be that if they never needed to move any money, then that would be probably too much budget in all of the accounts.

Council Chair Rapozo: Right.

Mr. Shimonishi: I think there are both ways of looking at that. I know towards the end of the year, we came forward with some equipment request. Some got denied and so on, but again, I think the question is, are those expenditures needed in order to run the department, that the department heads move moneys accordingly? Maybe not as accurate as we can be, but things change throughout the year as we operate the different departments and so on and moneys need to be shifted as needed.

Council Chair Rapozo: Okay. What I am saying and what I shared with Councilmember Kagawa yesterday was that we have to make sure that when we allow moneys to be taken from the reserve that it is because there is no more money and that is the last resort. Two (2) weeks outside of the end of the fiscal year, if there are moneys in these departments' budgets, then we should make them use their moneys versus taking the...

Mr. Shimonishi: Understood.

Council Chair Rapozo: "It is six (6) of one (1), half dozen (6) of another," right? If they do not spend it, it reverts to the reserve for next year and it will lapse.

Mr. Shimonishi: Correct.

Council Chair Rapozo: But as far as being able to hold departments accountable as far as their budgets, then I think they should be using their moneys internally and if there is none or they can justify that they cannot use that money for whatever reason, if it is encumbered or whatever, then you touch the reserve. But until then, utilize the funds that are available in their accounts or in their budgets to deal with these unanticipated expenses.

Mr. Shimonishi: Correct. The total bill for the County was one million one hundred thousand dollars (\$1,100,000) and a chunk of that was for water, which they covered on their own, but I believe around nine hundred thousand dollars (\$900,000) was the general County, and then of that, these two (2) amounts is what we put forward.

Council Chair Rapozo: Councilmember Kagawa.

Councilmember Kagawa: So as the Finance Director and you see this request from the Fire Department, do you try to give them orders or direction to try and see if they can manage and reduce overtime to cover some of this before you just cut them a check or just say, "You need it. I will give you three hundred thousand dollars (\$300,000)?"

Mr. Shimonishi: Definitely, we are expecting them to cover the amounts within their budgets. It is not just a "come to the Director of Finance and I sign off on it." For sure, we are asking them to look at their budgets and come back.

Councilmember Kagawa: But the answer was no?

Mr. Shimonishi: Correct.

Council Chair Rapozo: Any other questions for Ken? Thank you, Ken. I will call meeting back to order. Further discussion?

The meeting was called back to order, and proceeded as follows:

Ms. Fountain-Tanigawa: Chair, we do have registered speakers.

Council Chair Rapozo: I am sorry. I will suspend the rules. Who is the first registered speaker?

There being no objections, the rules were suspended to take public testimony.

Ms. Fountain-Tanigawa: The first registered speaker is Matthew Bernabe, followed by Alice Parker.

Mr. Bernabe: Matthew Bernabe, for the record. I think we have identified in this agenda item one of the mechanisms why we cannot balance our books. I appreciate the Council being hard. I have a question: why are they over? Councilmember Kagawa just asked the Director of Finance a good question of do you look at their books, and they said "no." We should be able to look at their books. The Administration should be able to look at their books. Are these three hundred thousand dollars (\$300,000) over the budget for their retirement fund because are we giving them retirement pay at overtime rate or their regular rate and that is why the calculation is off? Is it because they overspent or they had to do so many fires? We need an itemized list when they come for these requests. This is something that the Council can put in that is really simple that if you come here, especially in the circumstances of two (2) weeks before the budget and this and that at end of the year, all of these things that we all hear you grumbling about, there should be some language that says, "Hey, look. You come up here. You better have an overwhelming amount of evidence in writing, an itemized list, and all of the things that have gone down that you want to do." There is none that. "Oh, we cannot go. Oh, we do not have it. Oh, I did not bring them here." We are sick of hearing these excuses. You get paid to do a job and your job is to know your job. You come up here and be ready. We ask you a question, why is the three hundred thousand dollars (\$300,000) needed? There should be a list. "Look, this is why. We had so many extra rescues. We had to so many fires. We fell short here. We have identified that instead of the regular rate of retirement, we have been giving them an overtime rate." I am not say that is what it is, but I am asking if that is what it is. How do we know? They just come here and say, "We need the three hundred thousand dollars (\$300,000)." "Did you ask them?" "Yes, but they said no, so let us just give it to them." I am not against the Fire Department; I might need them one day. My point is if we want to run a tight ship, we need an itemized list that tells us where the money is going, where it has been spent, and why we have not met the targeted goal. This is what we are talking about. The whole day's theme has been about this. I just think this is more evidence of why we need to get stronger and make these people have some criteria. These are the kinds of moments that we say, "Look, we are not giving you these three hundred thousand dollars (\$300,000) until you come up with a list." Then go back and put it on the agenda and create that as a policy for all departments. I will end it there. Thank you.

Council Chair Rapozo: Anyone else? Ms. Parker.

Ms. Parker: Alice Parker. I failed to comprehend why the Fire Department does not charge for reckless hiking when they have to rescue? It makes no sense. People go off the trail, and then we have all of these costs because they were reckless and they did not follow the signs. Okay, if they are on the trail

and they run into problems, I can see that. I can see maybe not charging them the total amount, but something. The reckless people...forget it...they should pay for their recklessness. Thank you.

Council Chair Rapozo:

Thank you. Mr. Sykos.

Mr. Sykos: For the record, Lonnie Sykos. For the public that is listening, in previous meetings the Administration has been in here and told us that in their competence, they understand that retirement costs include the overtime that we pay to employees and managers. So what they have done in the past is budgeted the money for retirement based on everybody's baseline pay. But "the chickens have come home to roost" and now we have to fund the additional amounts of overtime that we pay to people that influence what their retirement is, if I understand all of this correctly. So now the County Administration is trying to come up with the money to fund what is above the base pay for retirement. What I do not understand is how come there is however much money we are going to take out of the Golf Fund? Why are we taking money out of the Golf Fund for retirement? This is not an efficient or good way to run the County. This is nuts, actually, financially. So the money coming out of the General Fund, is this budgeted into next year's budget? Or next year, are we going to have a similar occurrence towards the end of the budget process that all of a sudden, "We are incompetent. We did not know that we had to fund the overtime." Or, "We were competent, we knew we had to fund the overtime, but we are going to pretend that we do not so that we can pretend to have a balanced budget." This is disgusting from the public's perspective. We were told when we bought the helicopter that by the Mayor, by the Fire Chief...

Council Chair Rapozo:  
retirement. This is basically...

Lonnie, keep your comments to the

Mr. Sykos:  
Council Chair Rapozo.

This is why we need the money to do this,

Council Chair Rapozo: No, listen. I just want to make sure, this Bill is transferring money from...can you hold his time? This Bill is transferring money from the reserve account into the department account to pay for retirement, which the State said, "You owe." I want to stay away from the operations because this is about the transfer from the reserve to fund the retirement. I do not want to get into the helicopter because it has absolutely nothing to do with this item.

Mr. Sykos: Okay. I will finish my testimony with this: earlier today, we were talking about having a manager. This is exactly why there is people who want to have a manager, because these games...no one is going to be held accountable for the fact that the management was egregiously bad, that they either did not know or failed to deal with the reality of the retirement. All the rest of the daily expenses within the departments influence whether or not this money

has to come out of the General Fund. That is my point about other expenses going on inside the departments. Thank you.

Council Chair Rapozo: Your points are well-taken. Anyone else wishing to testify?

Ms. Sparks: Norma Doctor Sparks. I am concerned as we have been talking about the budget as to whether or not we really know how much we actually have in the budgets. I have a difficult time believing that we do not know numbers, whether it is through a system or whether it is a hardcopy. I am really concerned that while I support these pension systems or pension costs in the system to provide this for staff, I am very concerned that the Administration does not really know how much they had. So asking the Administration, "What do you have" is not the question. The question should be, "We know that you have 'x' amount and so why did you not pay for this? Or why did you not hold off for this? Or why did you not budget for this?" That is the question. I think that it has to be a question that is asked of the different divisions and departments, and that this Council should be asking the Administration and that the department heads should be asked that question. You should also know on your own as well how much is really there so that there is the ability to reconcile how much is being spent in this County. To have seven million five hundred thousand dollars (\$7,500,000) being moved around and also having a separate question about whether or not a particular department had enough moneys to pay for this excess pension costs, is very concerning to me. I hope that in the future that this kind of discussion will be less and if, in fact, we need a better computer system, I think we should consider that as well. But there needs to be reconciliation, and there needs to be a check and balance and not just an acceptance of whichever side is looking at the budget. Thank you very much.

Council Chair Rapozo: Thank you. Anyone else wishing to testify? Chief, you may come up. I just want to say that I do not want the public to think we have this archaic computer system that we cannot track. We actually have budget versus actuals. I will frame it in a question for you, Chief, because I think Ken answered it earlier. It is not so much how much you have in your budget; it is do you have that extra in there that is not accounted for? Ken can provide me the number right now how much you have in your budget, actuals versus budgeted. But I think what Norma was talking about is at this point...he is going to get his book. The real question is out of what you have for the rest of the fiscal year, do you have access to three hundred five hundred five dollars (\$306,505)? I would suspect that the answer is no and that is why you are asking for the transfer.

ROBERT F. WESTERMAN, Fire Chief: For the record, Robert Westerman, Fire Chief. I apologize for being late, but I was in another meeting and it goes to the issues in my budget, the fact that it is only me having to manage all kinds of multiple meetings during the day. In this particular situation, I would like everybody to understand that I hear their concern, but if you do not, what I consider have the "accurate story," you might come up with the opinions that the public had.



The spiking law that came into effect in 2012, this is the first bill. This bill for this spiking law was not known until we got the bill a few months ago. So we were all asked to look within our departments if we had funding in order to cover the additional costs of the spiking bill. As we just sat here through budget...we sat here through budget last year...I know there is a lot said about how much people think I have leftover at the end of the every year, but it keeps getting less and less, and less. I do not turn back two million dollars (\$2,000,000) to three million dollars (\$3,000,000) a year. The Fire Department budget is about as razor thin as it can get. I do know almost every single day exactly what I estimate that I have remaining in my budget. I have a worksheet that my staff maintains for me and it comes out of the system. It is not an archaic system. I estimate that maybe I might have two hundred sixty-five thousand dollars (\$265,000) to turn over this year at the end of the year. Last year, as Councilmember Kagawa pointed out, I had a little over seven hundred thousand dollars (\$700,000) and some of that was because funds that were not encumbered at the end of the year. So that is still possible, but currently the way it is right now with the last two (2) months of the budget cycle, I do not estimate that I will have that size of funds and that is why we are here asking to move the funds.

Council Chair Rapozo:

The last two (2) weeks you mean.

Mr. Westerman: Yes, well, we have known it for about one (1) month. So we looked to see if we had the money and I could have said "yes," but the law is very clear about going over my budget. So to be a little extra safe, I said, "There is no way I could fund the whole three hundred three thousand dollars (\$303,000) just for the Fire Department." That is what happened. Are we trying to prepare? Absolutely. I have had several discussions with the Administration and I know they are just as concerned about it as you are about these spiking bills and how it will affect us going forward. I do not know whether Ken said it or not, but we have asked the State to start giving us quarterly notice on how much they think it is going to be. You have to understand that this is people that retired a couple of years ago. This is not stuff that happened today. So it takes that long for them to figure out what these costs are, and then pass those costs onto us. That is kind of where we are.

Council Chair Rapozo: Every year, obviously we will have more retirees. So every year, this number is going to increase until people pass away.

Mr. Westerman:

Right.

Council Chair Rapozo: We do not even know what the total impact will be because it is very hard to figure out because you do not know when people are going to retire.

Mr. Westerman: Yes. I will give you my opinion that I think we need to be fighting back. I think the counties need to be fighting back. We pay already on every one of those dollars. We pay into the system. Even on every single

overtime dollar, we already pay into the system, so the system has taken a big dive. The ERS has taken a dive because of investments. So now they have a responsibility to make that up and this is how they are making that up; they are coming back to us and saying, "Okay, our investment is tanked. We are not doing well. We have to maintain a certain level of funding." That is how this law came about, so we have to make that funding adjustment, so to speak. Again, I have asked the Administration, on mine in particular, that I would like to see the exact calculation and I would like to know why it costs so much. I will give you an example of one of them: this person is retired and in the entire ten (10) years, he had twenty-four thousand dollars (\$24,000) in overtime. That is not a lot of money in overtime, but yet we are paying twenty-eight thousand dollars (\$28,000) to the system for that overtime. I do not understand. The calculation seems very skewed. It is actuaries that make this decision way above my understanding, so I am concerned, and I agree that in the next three (3) years, there will be significant amounts of impact to the County for the Fire Department. But I do not have any action to take other than to...

Council Chair Rapozo:

Okay. We got it. Councilmember Kagawa.

Councilmember Kagawa: Chief, last year, you folks lapsed seven hundred ninety-four thousand dollars (\$794,000) and I am wondering in March, when you knew that you had that three hundred thousand dollar (\$300,000) bill, did you try and take any measures in your department to try and see, "Well, we have this bill. Yes, it is a bill that was unforeseen, but this is our bill and we are going to try and take care of it in our department by perhaps..." I think Councilmember Kualii, you missed one (1) trip because you ran out of funds, right? I offered to give Councilmember Kualii funds, but he said, "No, I ran out of my budget." Even though he is the National Association of Counties (NACo) and Western Interstate Region (WIR) representative, he did not go to Wyoming because he did not have money. Did you folks take those kinds of steps like no travel...not any traveling, but travel that could be pushed off, maybe travel in August or whatever instead? Did you folks try and see if you could take those kinds of actions or even with overtime to say, "Well, instead of going with four (4) people, we are going to go with three (3) people?" Did you try and look at any of those options?

Mr. Westerman: Yes, Sir. We did. We took several options. Overtime for example, we have a lot of committees that work, so I asked them to reduce their overtime. If they do not need to meet, try to meet on meeting times and make phone calls to make those things happen. That was one. Travel has already been reduced drastically. We are hardly traveling at all if any.

Councilmember Kagawa:

Okay.

Mr. Westerman: Yes, I agree. I tried to reduce what I can, but again, my budget is so thin that the razor is already so thin. It is not like I had an excess of one million dollars (\$1,000,000) or even five hundred thousand dollars

(\$500,000). So even if I cut a little bit of the two hundred thousand dollars (\$200,000) that I think we have left now, that is not enough to pay the bill.

Councilmember Kagawa: Yes, understood. Last week, I had my chance to ask you questions. My question was more for Finance, regarding the role they are playing in trying to manage the County's budget, so he answered my questions. Thank you, Chair.

Council Chair Rapozo: Any other questions for the Fire Chief? If not, thank you very much. The rules are still suspended. You may come up.

Mr. Bernabe: Matthew Bernabe, for the record. This is kind of a clarification. You may not be able to answer it and he might be able to answer it. What I am hearing is, is that some laws were enacted, the spiking laws, that kept you from the last couple of years of overtime being locked in as a retirement. But before that law, we had some locked in and some of these three hundred thousand dollars (\$300,000) is paying for that. Is that what I heard correctly or I am off the mark? Partly. Thank you very much.

Council Chair Rapozo: Anyone else? Thank you. I will call the meeting back to order. Further discussions? Councilmember Kagawa.

There being no further testimony, the meeting was called back to order, and proceeded as follows:

Councilmember Kagawa: Overall, I just think that we need to, as we have not approved the GET, we have to do more with less. In order to what I said, prove to the public that we can do more with less and be more efficient. In our office, when an Analyst is out or two (2) Analysts are out, Scott drops down, does his management duties, does the Analysts' duties, and when they get back, I guess they catch up. It is not like we stop operations; we keep on going. I think we are already two (2) staff people short, but I think that needs to be spread around the Administration as well, not only the Council side. It is the same thing with travel and those kinds of things. We all have to pitch in and I think sometimes when we just see the tally come up to the Council, I do not know whether we are taking that really good old fashioned try and trying to contribute and do all we can within our budget to take care of our *kuleana*, even if it is unforeseen or not. I think that is how we become a stronger more sustainable County without putting undue burden on taxpayers. No doubt at some point, we are going to have to look at possible revenue sources, but as Councilmember Kualii pointed out, he showed his slide and it was so impressive because it showed how the County's Operating Budget had grown in twelve (12) years to double its size. If our budget can double its size and we still can only repave one million two hundred thousand dollars (\$1,200,000) per year, something is wrong. If we say we have to tax the people twenty-five million dollars (\$25,000,000) more a year or we are never going to catch up, something is wrong and I will take that to my grave. Something is wrong. It is not the Fire Chief or the Police Chief. It is in the Department of Public Works, but if you do not

give them money, and everybody, including Fire and Police, streamlining their budgets, contributing into a pot where we can show the taxpayers, "Okay, we did all that we can. Now we need a little bit more." Then okay, but when we go twelve (12) years and double the Operating Budget and we still can only do one million two hundred thousand dollars (\$1,200,000) a year in road resurfacing from twelve (12) years ago, something is wrong. I am sorry. We have to do better.

Council Chair Rapozo:                      Anyone else? Councilmember Kaneshiro.

Councilmember Kaneshiro:            Yes, I will be supporting this. It is a hard pill to swallow. Again, it was an unbudgeted item that popped up at the end of the year. Unfortunately, it is going to have to get paid either way, whether the Chief pulls it out of his two hundred thousand dollars (\$200,000) left and we will get no lapse in the budget and will have to pay the additional or we take it out of the reserves now. That is just a fact of the matter. It has to get paid somehow. Either it is going to get paid through the reserve now or it is going to get paid through the department and if the department had any lapse after this, then it would end up in the reserve, so it is pretty much a wash. I think we learn a good lesson that in the past, we allowed spiking and I guess the shining light is that I think maybe three (3) or four (4) years ago, they stopped spiking, so now retirement is solely based on your highest base salary. It is silver lining, but yet a hard pill to swallow now.

Council Chair Rapozo:                      Councilmember Kualii'i.

Councilmember Kualii'i:                The only comment I would, Council Chair, is to thank you for referencing and using the budget appropriation transfers report. We get that on a pretty regular basis and that is a result of a proviso from last year's budget. I want to thank the staff for doing the work on that and for Finance and the Administration for providing the information that we can put in those spreadsheets. I think that is important, and yes, those seven million six hundred thousand dollars (\$7,600,000) of transfers represents from July 16, 2015 to current, so over an eleven-month period. There are pages and pages of information.

Council Chair Rapozo:                      Is that it? Okay. We brought this up at the last budget, as far as the transfers, because we never saw it and I guess what I am trying to say is that the Administration has these unanticipated expenditures pop up, the Administration needs to look within the entire County to find available funds and not rely on the reserve. That reserve is not a slush fund. It is a fund that is there for emergencies and as I look at the...this is the most recent worksheet, and I am going to dissect this more and actually have this on the agenda because I want to have some policy discussions. This Council has until December to work as a Council until the Election, and until then, I want to come up with a policy that will direct the Administration of how we will entertain these requests for funds and transfers from the...I am just looking at the most recent one that just came in today—this is where I do not understand because we are taking it from Regular Salaries, Social Security Contribution, Health Fund Contribution, Other

Post-Employment Benefits (OPEB), and it is going over to the Mayor's Office to cover the overlap of the Managing Director's position and transition, whatever that means. I am assuming that they have a new Managing Director and they kept the old one to transition, but they took all of these post-benefit money and it is seven thousand dollars (\$7,000), plus one thousand dollars (\$1,000), plus one thousand dollars (\$1,000), plus two thousand dollars (\$2,000), so that is eleven thousand dollars (\$11,000) coming from salaries and benefits over to deal with this Managing Director's position transition. I definitely want to look into that. There is a bunch. Workers compensation and Temporary Disability Insurance (TDI) are very difficult to deal with. When those things pop up, you have to pay them. You cannot get around that. So those I can understand. There are requests to transfer...this is two thousand five hundred dollars (\$2,500)...if you add up all of these transfers, I want to know what was necessary and what was not. There are a lot of transfers for travel. Not you, Chief. I have to say that this Chief historically has probably had the smallest percentage of lapsing back to the General Fund at the end of the year. That is just how it is. There are so many transfers going over to travel, per diem, and car rentals. That is what is frustrating me. If we are so broke that we have to talk about raising taxes...have we cut the travel? Like Councilmember Kagawa said, Councilmember Kualii...we get a small travel budget and we have to share it. When we run out, he has to ask somebody else to give up theirs. We do not run to the reserve and say, "I need more money" or we do not run to some extra money laying around in the Council Services Budget and say that we are going to transfer it into travel so that Councilmember Kualii can go to his conference. That was a required conference, but we are trying to be responsible here at Council Services. I am saying that is what the Administration has to do. You look around your entire countywide budget and if this County, if this Administration cannot find three hundred six thousand dollars (\$306,000) throughout their departments, then I wonder what the lapse will be this year. I am sure it will be more than three hundred thousand dollars (\$300,000). I am sure it will be in the millions and we could not find three hundred six thousand dollars (\$306,000) to deal with this? I am going to support it today because we only have two (2) more weeks and we just cannot deal with this. I am going to support it today, but I just want the Administration to know that very shortly, probably in July, once I get a chance to dissect this and categorize all of these transfers, we are going to have the discussion here in the open. We are going to come up with a policy and hopefully this Council can agree to one and say, "Hey, we are not going to approve any more of these money bill transfers until you prove to us that there are no more accessible funds in the County." It has been just a rubberstamp for years, for decades. It is hard for me to sit here...we talked about the discussions with the GET and we are telling the people that we have to raise their taxes and fees, but we still get enough money to pay for salaries and all of that. I am just trying to say, "Listen, if you have the money, use it." I think the Chief made a good argument. Two hundred thousand dollars (\$200,000)—you still do not know what may come up, like rescues that you may need money for. Public safety is a real finicky area to mess with budgets. Now it is seven million six hundred thousand dollars (\$7,600,000)...I was looking...almost seven million seven hundred thousand dollars (\$7,700,000) that we are able to find to move around for different things, some of it necessary and some

of it not. That is a discussion I hope to have within the next month. With that, the motion is to approve. Roll call, please.

The motion for adoption of Bill No. 2632 on second and final reading, and that it be transmitted to the Mayor for his approval was then put, and carried by the following vote:

|                       |                                   |            |
|-----------------------|-----------------------------------|------------|
| FOR ADOPTION:         | Kagawa, Kaneshiro, Kualii, Rapozo | TOTAL – 4, |
| AGAINST ADOPTION:     | None                              | TOTAL – 0, |
| EXCUSED & NOT VOTING: | Chock, Hooser, Yukimura           | TOTAL – 3, |
| RECUSED & NOT VOTING: | None                              | TOTAL – 0. |

Council Chair Rapozo: Now we can get back to Councilmember Kualii's Resolution. Do you think we can get through this in the next fifteen (15) minutes and we can take a forty-five (45) minute lunch and come back for the public hearing or do we just want to go to lunch? Okay. With that, we will take our lunch break and be back at 1:35 p.m. for the public hearing.

There being no objections, the meeting recessed at 12:34 p.m.

The meeting reconvened at 2:09 p.m., and proceeded as follows:

Council Chair Rapozo: The Council Meeting will come back to order. We are back on Resolution No. 2016-48. The first thing we need to do is withdraw the amendment that is on the floor right now. I am not sure who made the motion.

Councilmember Kualii withdrew the motion to amend Resolution No. 2016-48 as circulated, and as shown in the Floor Amendment, which is attached hereto as Attachment 1. Councilmember Kagawa withdrew the second.

Council Chair Rapozo: Thank you. Councilmember Kualii, you have your new amendment.

Councilmember Kualii moved to amend Resolution No. 2016-48 as circulated, and as shown in the Floor Amendment, which is attached hereto as Attachment 2, seconded by Councilmember Kagawa.

Councilmember Kualii: The only difference this time around is as we had spoken, the concern of Vice Chair Kagawa—he is okay with the language as-is, “resurfacing, repairs, or reconstruction of any county roads” and that addressed his concern, so no change there. But the concern and recommendation from Chair Rapozo is showing instead of the one million dollar (\$1,000,000) figure for each of the funds, the tax revenues, it is one percent (1%) of the Real Property Tax revenue, a minimum of one percent (1%) and a minimum of six percent (6%) of the transient accommodations tax revenues. That is the only change.

Council Chair Rapozo: Councilmember Kagawa.

Councilmember Kagawa: I just want to thank Councilmember Kualii for checking with my amendment and I was informed by Scott that D(4), which reads, "The Council shall by ordinance establish procedures for the administration and priorities for the expenditure of moneys in this fund." That would be our vehicle to make sure that if this Council, by a majority vote, decides that we want road resurfacing to be actually resurfacing roads and not creating bikeways, walkways, and planters; that this Council, by a majority vote, can tell the Administration what the priorities will be before we approve expenditures. So I am happy with this amendment. Like I said, I think the Administration, when it comes to "bells and whistles" or what did we say? "Fluff?" They are "gung ho," but when it comes to repaving roads that are in bad shape for vehicles, we seem to not have any priority at all for those. I like this proposed charter amendment and I think this is one way that the public can show the Council that they are just as concerned with the existing road conditions. Thank you, Chair.

Council Chair Rapozo: Thank you. Anyone else on the amendment? If not, any public testimony? Anybody registered to speak?

SCOTT K. SATO, Deputy County Clerk: We have one (1) registered speaker, Matthew Bernabe.

Council Chair Rapozo: I will go ahead and suspend the rules. Matt.

There being no objections, the rules were suspended to take public testimony.

Mr. Bernabe: Matthew Bernabe, for the record. Yes, this is the one that I got excited for this morning and I was very energetic to testify on this agenda item. However, with that said, several of the Councilmembers today have expressed the concerns that I actually had. One of them was the flat rate. I had an issue with that and the Chair has addressed it. The other one was having stricter language to make sure that they use it for what they are using. I left the papers in my car after lunch...I had the amendments...like "reconstruction"...."reconstruction" can mean anything. I was glad to hear that you folks addressed my concerns and it kind of deflated my energy a little bit and I do not have to worry as much. I will be looking forward to this at the Committee and in future. Thank you very much.

Council Chair Rapozo: Thank you. Anyone else wishing to testify?

Ms. Sparks: Good afternoon. Norma Doctor Sparks. I was very pleased when I saw this Resolution because I think it is much better than a tax increase. I think I would like to also make some suggestions. I think the language needs to be more specific, as Councilmember Kagawa recommended, and apparently it is going to be there. It is also perhaps not as clear on what it cannot be used for. Under Section 2, D(2), it says "shall not be used for any purpose except listed in this section," and I think to be very clear about what this is going to be

used for, I think instead of just saying "any purpose," to really list it out. Under Section 3(F), it does not talk anything about the bridges and I do not know how the bridges are going to be fixed, but under Section 3(F), it does allow "the mayor at any time transfer an unencumbered appropriation balance or portion thereof within a division or between divisions in the same department" for proper purposes. I think that language should be changed to at least exempt this fund that is being used for roads, because it appears that on the face of this reading, that the Mayor can move it out and use it for something else if it is not encumbered, specifically; as long as it is within a division or the same department. I have a concern about that. I also think that one of the possibilities is to put in this Resolution the characterization of making this fund a trust account. I did that when I was with child support and there were about ten million dollars (\$10,000,000) that was sitting in general fund. I wanted to use those ten million dollars (\$10,000,000) for a new computer system and I was able to go the Legislature and create that to characterize that particular fund as a trust account solely for the use of the child support enforcement agency. Perhaps you might want to consider that to make it into a trust. Also, there is the question about whether or not we will be able to know what the Administration has been doing or would be doing with these dollars. We had an increase already with the gas tax a few years ago and yet we are not exactly sure what those dollars were used for. I would also recommend that even though it might not be in other parts of the County Charter, to require an annual report from the Administration on the funds that are expended, the number of miles that were paved and the names of the roads that were resurfaced, as well as their priorities for the following year, so that we can really keep track about what it is they are planning to do and what it is that they have actually accomplished.

Council Chair Rapozo: I am sorry, I have to stop you right there. Is there anyone else wishing to testify? Mr. Sykos.

Mr. Sykos: For the record, Lonnie Sykos. To continue with Ms. Sparks' comments, what I am concerned about is you are using terms such as "resurfacing/reconstruction" that have both common public meanings, but are also terms that have definitions within their industry. So which definition is it that is going to apply to these terms? In "road repair" or "road reconstruction," to the road industry, the curb is part of the road, even though the curb might be cement and done by one (1) set of contractors and the road's asphaltting is done by another. I would simply encourage you to go back and put more work into the language of this to ensure that the intended consequences are the actual ones that occur. Generally, I am not in support of doing things like this. I believe that by creating special funds, whatever you call them, you are tying both your hands and the Administration's hands in regards to being able to manipulate the budget to the benefit of the public. However, given the long track record of the failure of that benefiting the public, I will support creating this fund at this point. It is sad that it is necessary to do such a thing, but I do believe it is necessary and I believe it is necessary for the Council to send the message to the Administration that business as usual is no longer tolerable, that things have to change, and by creating a special fund, which is the lesser of evils to me, that is an excellent message to send to the



Administration. I would encourage you to simply reexamine the language and tighten up the definitions to ensure that the outcome is the same as your intention. Thank you.

Council Chair Rapozo:  
the first time?

Thank you. Anyone else wishing to speak for

CHRISTOPHER TAKENAKA: Christopher Takenaka. I really love the way these articulations are made, so I am just going to talk as a layman. On the end result of this, when all the verbiage is done—I ride from Kīlauea in either direction, any given day and any given time, and just think about when you are resurfacing the road for example, when you hit a bump in the road, whether it is a dip or it is a little skew or whatever it is, it affects bikers a whole lot more, both bicyclists and motorcyclists. The main thing where I am concerned is that something should take precedence and that is the resurfacing part, because you do not want to be going cruising along, like we have a nice stretch in Moloa'a, and then all of a sudden, whether you are going one way or the other, my motorcycle skills are being improved daily. I have hit some nasty stuff. I even had my bike go down a couple of times and it is not fun. I can pick it back up, but sometimes when you get injured, it is not that fun to be walking away from that if you cannot even walk away. I have had some people on their bikes that have not been able to walk away in recent months. The thing is to make our roads as safe as possible, where the precedence on smoothing it out, and then do the "ala carte." Do the "main dish" first and make sure that everyone is fed properly, and then "ala carte"—a bike path is a great "ala carte," but we need to pay extra for that. If we want something extra, we have to pay extra. In layman's terms, I was nodding my head every time Councilmember Kagawa was speaking, because that is exactly what we need to do, but we need to see it done in the end result. If my son gets on that road again with me, I need to be able to know that the road is going to be relatively smooth for us. Coming from a rainy side, we are used to having the fix the road every time, but it has not been fixed for years, so there are big dips. That is my "two (2) cents." Thank you.

Council Chair Rapozo:  
Second time? Matt.

Thank you. Anyone else for the first time?

Mr. Bernabe: Matthew Bernabe, for the record. I was able to get another copy and go over it again, since I left mine in the car. On the first section over here, I really have a problem with the word "construction," and the reason I have a problem with that word is because you could describe what they want to do to Rice Street as "reconstruction." That is why I have a problem with that specific word. The other part was I would like to see "asphalt" in front of "resurfacing." For "repairs," that would be a little more specific. I would like to see "pothole repairs" or "root removals"; actual, specific language in there. The other one I asterisked was, which I also had a problem with, but you added language, because I was curious what was going to happen after the twenty (20) years. But once you folks added that it would transfer back into the General Fund, my next question that progressed in my brain was, "Oh, what if the backlog," which I saw

you removed it in brackets down there, which I kind of liked the addressing the backlog because it was specific because they referenced the one hundred million dollar (\$100,000,000) backlog, but my question was, "At twenty (20) years, if we have not caught up significantly, should this have an option to be extended five (5) or ten (10) more years?" That can be taken out in the future meetings. With all of that said, I would really like to appreciate the real attempt to take away the burden of taxing the public and solving the problem at the same time. I really want to applaud you all and I look forward to this agenda item coming up in future. Thank you.

Council Chair Rapozo:

Anyone else for a second time? Norma.

Ms. Sparks:

Norma Doctor Sparks. I wanted to continue about requiring an annual report on the amount of funds expended, the number miles that were paved, the names of the roads that were fixed/resurfaced in that year, and also vendor performances. I think that we heard a lot of discussion recently about the need to get this done and there were very little discussion about whether or not the County has held the vendors who are supposed to do this work to whatever they are being contracted to. In addition, the idea about what these County workers are going to do when they also fix the roads as well and whether or not we are going to require them to use the highest possible, best materials instead of materials that will deteriorate very quickly. I also think that we need to also have an idea in this report about how the existing gas tax has been used for the last year as well. I think there is a lot of discussion about wanting to have the roads fixed and maintained, but we also know there is this existing tax that is under the gas tax that is accumulating every year. It is a question, I think, about how that is used and how that will be added or not used to this new fund in terms of maintaining the roads. I really appreciate this Resolution as well. I think it is better than the possibility of more taxes, but I do think that we need to tighten the language so that there is no question about how it is going to be used; so that in twenty (20) years when those of us who are here today, are no longer here, but the people that are going to be looking at this will really understand why it was done, instead of us saying, "Why was it not done," as we are asking it today. I also think that in addition for the question on the ballot, to also ask to add the report to identify the work that I have commented on again. Thank you very much.

Council Chair Rapozo:

Thank you. Anyone else? If not, I will call the meeting back to order. Before I open up for discussion, this Resolution here is for a charter amendment to establish a fund, which is one of the mechanisms that the Council has to establish funds in the County. Section D(4) talks about or enables or empowers the Council to direct the Administration of these funds by ordinance. So this document is not to include all of the fine details of how these funds are going to be spent. This establishes the account, should this pass, and then the Council by Charter will be required to initiate an ordinance that is going to direct the Administration how to utilize the funds. I appreciate a lot of the commentary on how this should be done, asphalt versus non-asphalt or whatever, but that is going to be done in the ordinance portion. This is simply to create the

fund and that is all this does. Everything else, we can do by ordinance. In this case, all this does is setup the account and then the Council would be required to do the ordinance. With that, any further discussion? Councilmember Kagawa.

There being no further testimony, the meeting was called back to order, and proceeded as follows:

Councilmember Kagawa: A lot of this concern about the County's performance on the road resurfacing and bridge repair—it came up from the Administration. The general excise tax proposal was a result of the State Legislature capping the TAT, and therefore cutting the visitor tax by about thirteen million dollars (\$13,000,000) each year for the past five (5) years. If you add that up, it is about sixty-five million dollars (\$65,000,000) until this year. The State thought they were doing us a favor by saying, "Well, we will give you an opportunity to generate more revenue," but the difference between tax revenue from the TAT and a GET tax is that the GET would generate probably seventy-five percent (75%) from our residents, instead of one hundred percent (100%) from tourists. That is why a lot of us did not find that to be fair because you are making the residents pay for the State taking away the tourist tax from us. The other thing is that until this year, I never heard about a one hundred million dollar (\$100,000,000) backlog in roads and bridges because that was nothing to brag about. If you look out there at the roads—I am talking about Olohena and where I grew up in Hanapēpē Heights, Hanapēpē Town—Moi Road and Hanapēpē Road, in the fifty (50) years that I have been a resident, I have never seen it worse. Moi Road has grass lines...it is like you have speedbumps going all the way up Hanapēpē Heights. When you have grass speedbumps, that road has been neglected for thirty (30) plus years. It is inexcusable. I think what Councilmember Kuali'i has done is said, "Well, we are not going to do the TAT, but let us give the voters a chance to voice their concerns to the Administration and the Department of Public Works County Engineer. We need to change direction. The voters are frustrated with the conditions of our roads." You are correct. There is a huge backlog. What is a backlog? It is years and years of neglect. The time is up and the public is tired. I am glad that Councilmember Kuali'i is giving an option to the voters to voice this concern. The Administration does not like this proposal. You see none of them here saying, "Yes, yes." If this proposal said that this is for road beautification, bike improvements, and sidewalks, this room would be full of Administration workers, but you see none, that because they do not have their GET, they do not support it. That was their solution. They wanted the GET. I think this is another avenue that we can designate it and hopefully fit its intended purpose. I seem very critical today, but I have some facts to back up my assessment of the Administration and their performance in paving roads. If you have time, go up and look at the Police Station parking lot and that road leading to the parking lot, that new Police Station—look at that improvement there. You will see an area that has a tree that was placed in a planter and it has been seven (7) years...I am not exaggerating...the tree has lifted up the road at least seven (7) inches and a pedestrian walkway, where one is about at least six (6) inches above the other. From a tree root...seven (7) years ago the tree was planted. Is that something that we should expect our engineers do a

little better job on? I think so, right? You do not see that in Las Vegas and they have trees all over the roads, but they probably have root barriers or something. Who is holding our engineers accountable? Who? If you make a screw up like that in the private sector, you would get fired. I do not care what happens. Here in the County, nothing happens. We just say, "We need more money." The money cannot fix incompetence, so let us get competent and start working together, the Administration and the Council. Let us start paving roads and let us start doing it the right way. Like I said, I have never seen Moi Road and Olohena Road worse. It is terrible. It is going to flat tires when you hit those potholes. I think we just have to do a much better job. Thank you, Chair.

Council Chair Rapozo:

Thank you. Councilmember Kaneshiro.

Councilmember Kaneshiro: For me, I am willing to support it and let it go to public hearing. I do have some hesitation, I guess. I completely understand what Councilmember Kualii's intent is and what we are trying to do. Ultimately, roads are a priority and we are trying to address it. Our Council hands are tied to some extent, as far as what we can do to get it addressed as a priority. For me, I think this is going to spark a lot of discussion and hopefully more solutions and I think that something maybe everybody can get onboard with. For me, I think, what is our methodology? If we had this last year with our budget that we just passed, where two million dollars (\$2,000,000) had to go to roads, then that would mean that we took two million dollars (\$2,000,000) from somewhere in the County. Where would that money come from and how would we refund wherever it was that we took it from? Maybe we took some from Elderly, but it would have to come from somewhere, so that is my hesitation. We earmark this money, but where is it going to come from? If you look at our last budget, we say two million dollars (\$2,000,000) of this budget is going to roads, so we have a two million dollar (\$2,000,000) deficit somewhere. Again, is that to say that the County does not have two million dollars (\$2,000,000) floating around somewhere? Is that the approach we should take? I think that is the discussion that I will be looking forward to as we go through this. What type of priority is it and do we have enough money in our budget to accommodate it? Some other things I was thinking of is that we do lapse a portion of our budget every year, but as you see when we pass our budget, we do not know where we are going to lapse the next year until the end of the year, until our financials are audited. Instead of saying, "Where is that revenue going to come from," do we say, "A portion of the lapsed money this year, we are going to put it to roads in the next budget?" Do we get a policy and fund our reserves first and say that we have enough money in our reserves and with any excess money we are going to put it to roads? I do not know. Ultimately, I do not know what the correct solution is, but I do know that this is going to spark some discussion that I think ultimately we are going to be able to try and get somewhere, as far as funding our roads or doing something for the roads. It is a huge priority and we all see it, so that is why I am willing...I do not know that the correct answer is. It is hard. I think this coming up will spark a lot of discussion and I am sure we will get a lot of ideas being thrown around as to, "What do we do?" Is the Administration going to have the wherewithal to just say, "We see it as a priority and we are going add two

million dollars (\$2,000,000) more into our road budget and try to reorganize it in our budget?" I do not know, but I think this is a good start, as far as touching on, "How are we going to get some results for our roads."

Council Chair Rapozo:

Councilmember Kualii.

Councilmember Kualii: I just wanted to say, so based on some of the testimony, there might be some confusion, but actually this Resolution is just adding this language that creates the Roads Resurfacing/Reconstruction Backlog Fund. Then the sections that applied also...there is language to amend. It is fit into a larger section that deals with the Administration and enforcement of the annual budget ordinance. So that "Section F: The mayor may at any time transfer an unencumbered appropriation balance or portion thereof within a division or between divisions in the same department. Transfers between departments, boards or commissions shall be made only by the council by ordinance adopted pursuant to Section 19.07B, upon the recommendations of the mayor." That is in regards to the entire budget ordinance. In fact, that was some of the discussion that we were having earlier today on a separate item, where the Chair was talking about the budget appropriation transfers. So that does not directly relate to the creation of this fund. The section there that applied was "A," which actually just says that the fund would not lapse and that it would carry over year-to-year for the twenty-year period. Thank you.

Council Chair Rapozo: Thank you. Anyone else? Well, thank you, Councilmember Kualii. I think this is one way the voters will have an opportunity to determine whether or not they want to start to chip away at these highway repairs or roadway repairs using existing funds and force the County to better manage their existing funds, or go for the alternative, which is to increase taxes. We asked the Administration to reduce the budget and to some extent they did, but as I stated earlier, seven million six hundred thousand dollars (\$7,600,000)—this is just an internal transfer. This is just the transfers that were made without the Council. These were transfers that were made within the same division or department. That is a lot of money. If you look at the first entry, July 16<sup>th</sup>, fifteen (15) days after the new budget...fifteen (15) days...I am sorry, July 6<sup>th</sup>, five (5) days after the budget, ten thousand dollars (\$10,000) transferred to travel. We never got this. I never really paid much attention to it. Who would think that five (5) days after the new fiscal year we would be transferring funds? But only recently, thank God for this, I get to stay home and I have nothing to do except go through spreadsheets. As I am going through, I am thinking, "What kind of responsible budgeting is that?" Five (5) days? We did not budget for the ten thousand dollars (\$10,000) worth of traveling? Something is not right. So when I am done with this, and I have another few weeks, we will see the trends and we will have them explained. I am tired of hearing that we do not have money. We, on the Council, have bought into that because that is what we are told. When you start looking at these things like this, you start wondering, "Are we actually as broke as we say?" Are we just peeing away money? Are we really being disciplined with the travels? Are we going to places where we should be or where we want to be? Is it

necessary to be all over the east coast for festivals when we are so broke? I guess that is the question. When you come to the Council and the public participates and they see the budget meetings, they hear the justifications, and then the budget passes and the ink is not even dry and the shuffle game goes. This is July 6<sup>th</sup>, July 16<sup>th</sup>, August 12<sup>th</sup>, and August 24<sup>th</sup> and these are the ones that I do not understand...when you come across one that says...this is August, so that is July...August—"From 'Other Supplies,' six thousand four hundred dollars (\$6,400) to transfer to 'Staff Training,' replenish a negative account." How can you have a negative account in a month and a half? A week and a half into the new budget, we have a negative account? Is this just generic justification to fill the spreadsheet, hoping that the Council is not going to check? This Council is going to check on each and every line item now and they are going to have to come back and explain what training, what they bought, where they went, because I am over it. Seven million six hundred thousand dollars (\$7,600,000) and climbing—we still have two (2) more weeks in the budget year. I am not satisfied with this. I am very frustrated. At lunch, I was thinking, "Maybe we should have voted no on the three hundred thousand dollars (\$300,000) and force them to find it in their budget," but we also have to make sure that our bills are paid as well and I do not want to get penalized by the State because the Council wanted to make a statement. This prepares us well for the beginning of the new fiscal year where we can hold them accountable so that whenever we get a transfer like this, maybe we have them come up here and explain why five (5) days into the new budget we had to transfer ten thousand dollars (\$10,000)? Obviously, I will be supporting this. Councilmember Kagawa.

Councilmember Kagawa: I know my time has run out. I know that I have been kind of harsh on the Administration, but I feel like there is one way to satisfy at least me or us is just repave some roads and I think you will just see some smiling faces here and nothing coming out of the mic. I think the Council has said to pave more roads, so just do it. Like Nike, "Just do it."

Council Chair Rapozo: Right now we are on the amendment. Let us do a roll call on the amendment.

The motion to amend Resolution No. 2016-48 as circulated, and as shown in the Floor Amendment, which is attached hereto as Attachment 2 was then put, and carried by the following vote:

|                       |                                   |            |
|-----------------------|-----------------------------------|------------|
| FOR AMENDMENT:        | Kagawa, Kaneshiro, Kualii, Rapozo | TOTAL – 4, |
| AGAINST AMENDMENT:    | None                              | TOTAL – 0, |
| EXCUSED & NOT VOTING: | Chock, Hooser, Yukimura           | TOTAL – 3, |
| RECUSED & NOT VOTING: | None                              | TOTAL – 0. |

Council Chair Rapozo: Amendment passes. We are back to the main motion. Any further discussion? Seeing none, roll call.

Councilmember Kualii moved that Resolution No. 2016-48, Draft 1 be ordered to print, that a public hearing thereon be scheduled for July 6, 2016, and that said Resolution be subsequently referred to the July 20, 2016 Council Meeting, seconded by Councilmember Kagawa, and carried by the following vote:

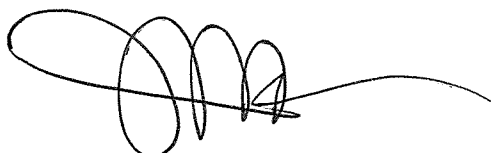
|                       |                                   |            |
|-----------------------|-----------------------------------|------------|
| FOR MOTION:           | Kagawa, Kaneshiro, Kualii, Rapozo | TOTAL – 4, |
| AGAINST MOTION:       | None                              | TOTAL – 0, |
| EXCUSED & NOT VOTING: | Chock, Hooser, Yukimura           | TOTAL – 3, |
| RECUSED & NOT VOTING: | None                              | TOTAL – 0. |

Council Chair Rapozo: Just for the public's information, this matter as was stated in the motion will be up for a public hearing on July 6<sup>th</sup> and it will be referred to the Council Meeting on July 20<sup>th</sup>. It requires two (2) readings for the Resolution on a charter amendment and it will require five (5) votes of this Council to move on to the ballot. With no further business, this meeting is adjourned.

ADJOURNMENT.

There being no further business, the Council Meeting adjourned at 2:44 p.m.

Respectfully submitted,

A handwritten signature in black ink, consisting of a large loop followed by several smaller loops and a long horizontal stroke extending to the right.

JADE K. FOUNTAIN-TANIGAWA  
County Clerk

:cy

(June 15, 2016)

FLOOR AMENDMENT

Resolution No. 2016-48, Charter Amendment to Establish a County Roads Resurfacing / Reconstruction Backlog Fund

Introduced by: KIPUKAI KUALI'I

Amend Resolution No. 2016-48 by amending proposed Charter Section 19.15.D to read as follows:

"D. County Roads Resurfacing / Reconstruction Backlog Fund.

(1) In adopting each fiscal year's budget and capital program, the council shall appropriate a minimum of One Million Dollars (\$1,000,000) of the certified real property tax revenues and a minimum of One Million Dollars (\$1,000,000) of the transient accommodations tax revenues to a fund known as the County Roads Resurfacing / Reconstruction Backlog Fund. The moneys in this fund shall be utilized to address resurfacing, repairs, or reconstruction of county roads.

(2) At any given time, no more than one percent (1%) of this fund shall be used for administrative expenses.

(3) Any balance remaining in this fund at the end of any fiscal year shall not lapse, but shall remain in the fund, accumulating from year to year, for a period of 20 years from the establishment of this fund. The moneys in this fund shall not be used for any purpose except those listed in this section. Any moneys remaining in the County Roads Resurfacing / Reconstruction Backlog Fund at the expiration of the 20-year period shall be transferred and deposited into the General Fund.

(4) The Council shall by ordinance establish procedures for the administration and priorities for the expenditure of moneys in this fund."

(New material to be added is underscored. All Material is new.)

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(June 15, 2016)

FLOOR AMENDMENT

Resolution No. 2016-48, Charter Amendment to Establish a County Roads Resurfacing / Reconstruction Backlog Fund

Introduced by: KIPUKAI KUALI'I

Amend Resolution No. 2016-48 as follows:

- 1) Amend proposed Charter Section 19.15.D to read as follows:

"D. County Roads Resurfacing / Reconstruction Backlog Fund.

(1) In adopting each fiscal year's budget and capital program, the council shall appropriate a minimum of one percent (1%) of the annual certified real property tax revenues and a minimum of six percent (6%) of the annual transient accommodations tax revenues to a fund known as the County Roads Resurfacing / Reconstruction Backlog Fund. The moneys in this fund shall be utilized to address resurfacing, repairs, or reconstruction of county roads.

(2) At any given time, no more than one percent (1%) of this fund shall be used for administrative expenses.

(3) Any balance remaining in this fund at the end of any fiscal year shall not lapse, but shall remain in the fund, accumulating from year to year, for a period of 20 years from the establishment of this fund. The moneys in this fund shall not be used for any purpose except those listed in this section. Any moneys remaining in the County Roads Resurfacing / Reconstruction Backlog Fund at the expiration of the 20-year period shall be transferred and deposited into the General Fund.

(4) The Council shall by ordinance establish procedures for the administration and priorities for the expenditure of moneys in this fund."

- 2) Amend Section 5 to read as follows:

"SECTION 5. The County Attorney and the County Clerk shall approve the wording of the ballot question, which shall be in substantially the following form:

"Should a minimum of [One Million Dollars (\$1,000,000)] one percent (1%) of County annual certified real property tax revenues and a minimum of [One Million Dollars (\$1,000,000)] six percent (6%) of County annual transient accommodations tax revenues be placed into a County Roads Resurfacing / Reconstruction Backlog Fund to be used to address the [maintenance backlog] resurfacing, repairs, or reconstruction of county roads, and should the unspent revenues in this Fund remain in the Fund, and not lapse, thereby accumulating from year-to-year for a 20-year period?"

(New material to be added is underscored. All Material is new.)